

The Housing Ombudsman Annual Report and Accounts 2015-16



**Housing Matters:
Fairness Matters**

The Housing Ombudsman Annual Report and Accounts 2015-16

Presented to Parliament pursuant to the Housing Ombudsman Scheme as approved by the Secretary of State for Communities and Local Government under Section 52 and Schedule 2 of the Housing Act 1996

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Any enquiries regarding this publication should be sent to us at The Housing Ombudsman, Aldwych House, 81 Aldwych, London WC2B 4HN.

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Ombudsman's foreword and overview

I am pleased to present this annual report and accounts for the year ended 31 March 2016.

As the new Housing Ombudsman, my priority has been to ensure that we provide the best possible service for our customers. This year I have led an organisational review that is transforming our organisation so that we continually review and improve our performance.

Our new vision '*Housing Matters: Fairness Matters*' recognises the central importance of housing in people's lives and our role in ensuring the fair resolution of disputes. Issues relating to our homes can have a huge emotional impact as they affect us and our families every day. We need to ensure that any problems arising are dealt with quickly and efficiently whether by us or landlords.

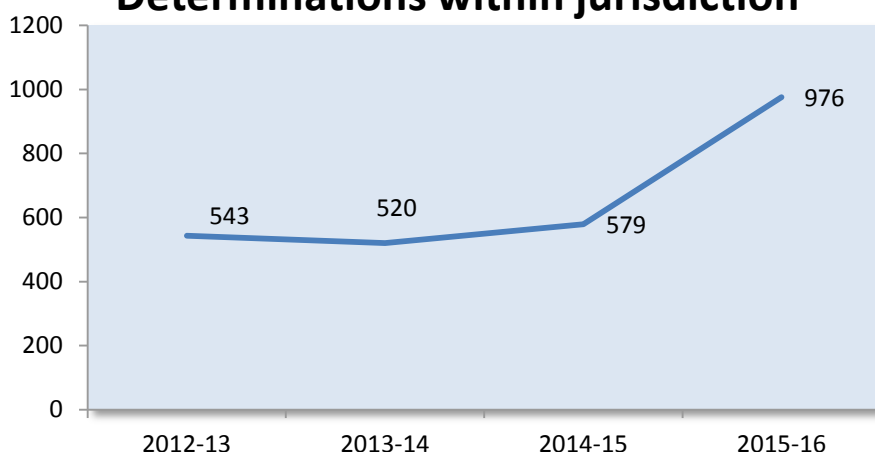
We have implemented a number of changes to the way we work, building on our existing positive approach to dispute resolution, particularly in relation to local resolution. We know that resolving complaints early, preferably within the landlord's own process, provides better outcomes and improves relationships between residents and landlords. Where this is not possible then our role is to determine cases fairly, impartially and efficiently.

Performance summary

The Housing Ombudsman Service has faced a very large increase in the volume of enquiries and complaints in recent years, partly due to an extension of our remit to cover local housing authorities. In 2015-16 we dealt with 15,984 enquiries and complaints, an increase of 60% from 2012-13. We have continued to work with landlords and residents to resolve more cases locally and, in 2015-16, 81% of the complaints we received were closed without requiring a formal determination.

This year though there has also been a big increase in the speed and efficiency within which we dealt with cases which did require a formal determination, following completion of the landlord's complaints procedure.

Determinations within jurisdiction



This year we investigated and determined 976 cases within our jurisdiction compared to 579 in 2014-15, an increase of 68%. Despite the pressures of this workload the team provided a very high level of customer service as evidenced by our excellent feedback scores.

Performance Report

In addition we have continued to work with landlords and residents organisations to facilitate improvements to complaint handling and service delivery. We are increasingly working with partner organisations to increase our impact. I was particularly glad this year to work alongside LEASE with the Tenant Participation Advisory Service on their publication, *The Leaseholders Engagement Guide*. Over time this work should reduce the volume of complaints coming to our service.

Ensuring effective governance, assurance and accountability

A key priority for me this year has been to work with the team to ensure that our systems are operating effectively, providing sufficient assurance and accountability.

Our performance information has significantly improved enabling us to be more transparent and accountable to Government, Parliament and our stakeholders. We have also continued to strengthen our financial controls making significant progress which has been recognised by internal and external auditors. Introducing a new approach to risk management has enabled us to identify and manage risks in a more robust way so that our overall risk profile is improving.

External focus

A major strategic issue affecting the future of the service over the last year was the proposed introduction of the Public Service Ombudsman (PSO). Our customer feedback was reflected in landlords and tenants organisations' evidence to the Government's consultation on the PSO which expressed substantial support for an independent Housing Ombudsman. I am grateful to those stakeholders, and the consultation gave me a valuable insight into the sector's priorities for this service. The Government's conclusion was that the Housing Ombudsman Service should remain outside the new arrangements for now but we look forward to working collaboratively with other Ombudsmen including the new entity if established.

Over the year I have been meeting other Ombudsmen to find out about their services, which has given me a valuable insight into how they work and an extremely useful opportunity to learn from their knowledge and experience. I have used many of their insights to shape our policy and strategy going forward.

I very much welcomed the opportunity to attend an evidence session with the Communities and Local Government Select Committee in January 2016 to update members on progress since my pre-appointment hearing in December 2014 and the performance of the Housing Ombudsman Service. I look forward to continuing to keep them informed about our progress and performance.

Looking ahead

Ongoing changes within the housing sector and to housing law and policy are likely to continue to impact on the volume and nature of our casework. Financial pressures are leading to changes to business models and service offers. If not handled sensitively these changes have the potential to increase complaints.

Communication with residents will be key to maintaining good landlord and resident relationships. I have already seen some examples of very good practice and I hope more landlords will take this approach. We will also be taking on responsibility for some new areas of complaints e.g. relating to housing association voluntary right to buy policies. We expect the balance of our caseload to change as more members move into managing leasehold and shared ownership properties.

I and my team have been working closely with Government and stakeholders to assess the ongoing impact of these changes on our service and to ensure that we support our members and their residents. We have built consideration of these issues into our internal and external complaint handling development programmes.

Performance Report

As Ombudsman, I am working with my whole team to safeguard and develop our service for customers. I would like to thank all my team who have contributed to our success this year.

Our vision, values and strategic objectives, as set out in our Corporate Plan for 2016-19, will continue to drive all aspects of our work to ensure that we continuously improve our performance in the coming years.



Denise Fowler
Housing Ombudsman

Performance Report

Our organisation

Housing Ombudsman

Denise Fowler

Senior Leadership Team

Andrea Keenoy, Director of Finance and Corporate Performance
Emma Foxall, Acting Director of Dispute Resolution
Joyce Adu, Acting Director of Dispute Resolution

Audit and Risk Assurance Committee

Sue Harvey – Chair
Simon Sweetinburgh – Member
Julie Parker – Member
Nicola Wood – Member (resigned with effect from 2 June 2016)

Our role

Our role is set out in the Housing Act 1996 and the Housing Ombudsman Scheme approved by the Secretary of State. Our remit was extended by the Localism Act 2011 to include local authority landlord functions from April 2013.

The role of the Ombudsman is to:

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

The service is independent and impartial.

Our vision, strategic objectives and values

The Ombudsman's new vision *Housing Matters: Fairness Matters* together with our strategic objectives and core values sets a framework for a change programme that is enabling the Housing Ombudsman Service to deliver continuous improvement. These were developed through detailed consultation with colleagues and stakeholders, most importantly our landlords and tenant organisations.

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.

Performance Report

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

The Housing Ombudsman Scheme

Membership of the Scheme is compulsory for social landlords (primarily housing associations who are or have been registered with the social housing regulator) and local authority landlords. Additionally, a number of managing agents and private landlords are voluntary members. The Localism Act 2011 also gave 'designated persons' a role in dealing with disputes between members of the Scheme and their residents, and in referring complaints that have not been resolved through the landlord's procedures to the Housing Ombudsman.

At 31 March 2016, 2,368 landlords were in membership, representing 4,751,430 housing units. Some 2,069 members were housing associations, representing 2,938,388 housing units. There were 1,789,459 units relating to 217 local housing authorities (including leaseholds). As at 31 March 2016 there were 82 voluntary, 'for profit' landlords or managing agents in the Scheme, representing 23,583 housing units.

The Scheme is funded by subscription on a per housing unit basis. For 2015-16, members of the scheme paid £0.96 per unit per annum (compared to £1.02 in 2014-15) and generating revenue of £4.7million.

Performance Report

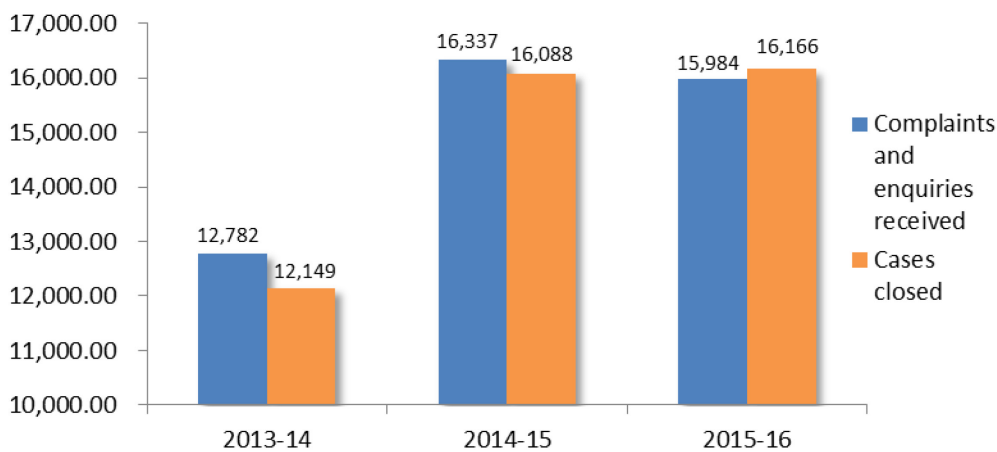
Performance analysis

Complaints and enquiries

In 2015-16 we dealt with 15,984 complaints and new enquiries, a similar number to the previous year's figure of 16,337.

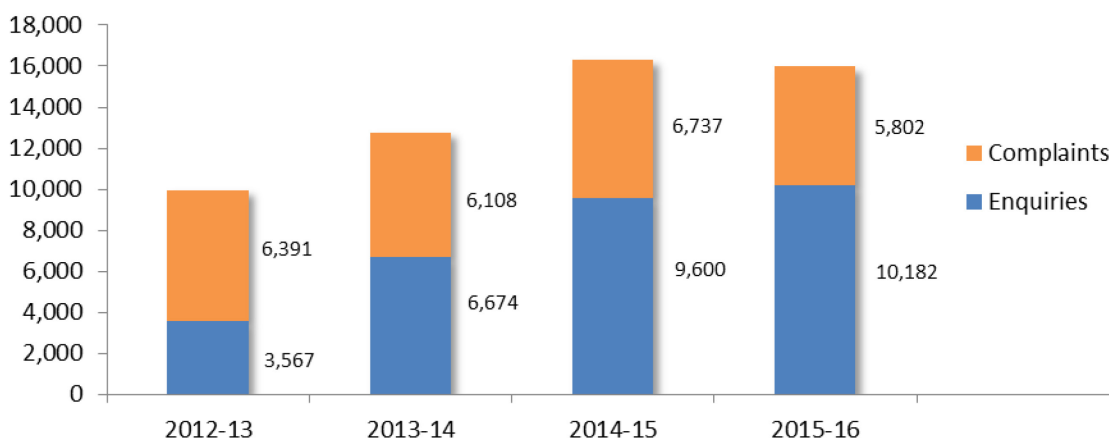
The chart below shows the total number of cases received and closed for each of the last three years. This year we were pleased to note that, despite continuing high case volumes, we closed more cases than we received.

Cases received and closed



Case numbers had risen in previous years, by 60% since 2012-13, partly due to the extension of our remit to cover disputes concerning local authority landlord functions. The numbers are now at a steady level. We believe this reflects both our sector development work, and the housing sector's own commitment to improving complaint handling, resulting in fewer complaints requiring our intervention.

Complaints and enquiries received



Performance Report

Our approach

Our approach to dispute resolution is always to try to resolve complaints early, wherever possible. Helping the parties to resolve problems as soon as possible helps to build trust, prevents issues from escalating and means better outcomes for our customers.

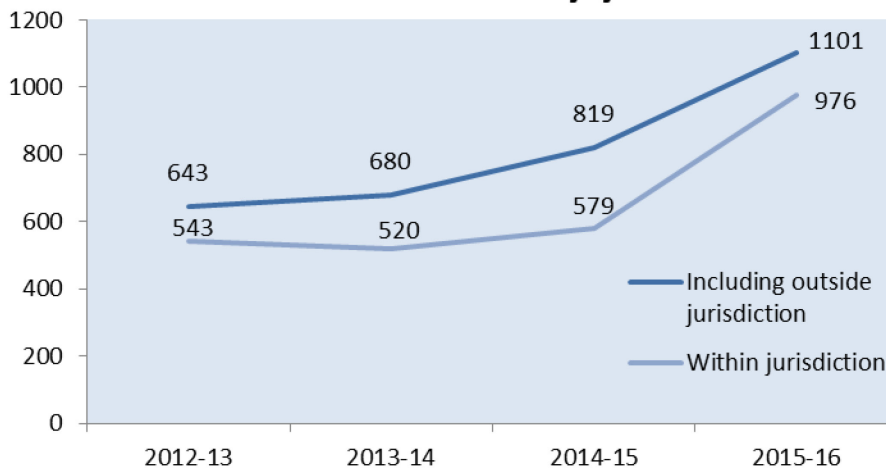
At enquiries stage this could involve providing advice or assistance on making a complaint or signposting to other Ombudsman schemes or advice agencies. Often issues can be resolved here without requiring any further involvement from our team. We closed 9,939 cases at the enquiry stage in 2015-16 reflecting the level of help and support we provide for customers at this point in the process.

Once a complaint has been made to a landlord, we provide advice and guidance to assist the parties in resolving matters locally within the landlord's procedures. As a result of our focus on local resolution, 81% of the complaints we receive are closed at this stage. This is broadly the same proportion as last year although it was below our target of 89% for 2015-16.

Once the landlord's procedure has been completed some cases are resolved through the designated person's procedure. If someone contacts us at this stage we explain who they can contact in their area.

Once the landlord's procedure has been completed and either eight weeks have passed or the case has been referred to us by a designated person, the complaint comes within the Ombudsman's formal remit for determination. In 2015-16, the number of cases determined was 1,101 compared to 819 in 2014-15. However this included cases outside jurisdiction. The most significant increase was in cases within jurisdiction. We determined 976 cases within jurisdiction in 2015-16 compared with 579 the previous year, a substantial increase of 68% in our core productivity.

Determinations by year



The reduction in the number of formal complaints determined as falling outside jurisdiction (from 240 in 2014-15 to 125 in 2015-16) is positive. It reflects our increased focus on explaining our jurisdiction at earlier stages i.e. at enquiries stage and while a case is within a landlord's complaints procedure. This provides a better service for our customers. It also provides assurance that the increase in overall determinations has not been achieved by a tightening of discretion to consider complaints.

Performance Report

Case times

Our focus on resolving the historical backlog of older, more complex cases has had an impact on our average case times over the year. Average case times were 249 business days for cases that were formally resolved against a target of 153 business days, as 41% of the cases we investigated were over 12 months old. Average case times for cases that were informally resolved over the year were 149 days against a target of 98 business days.

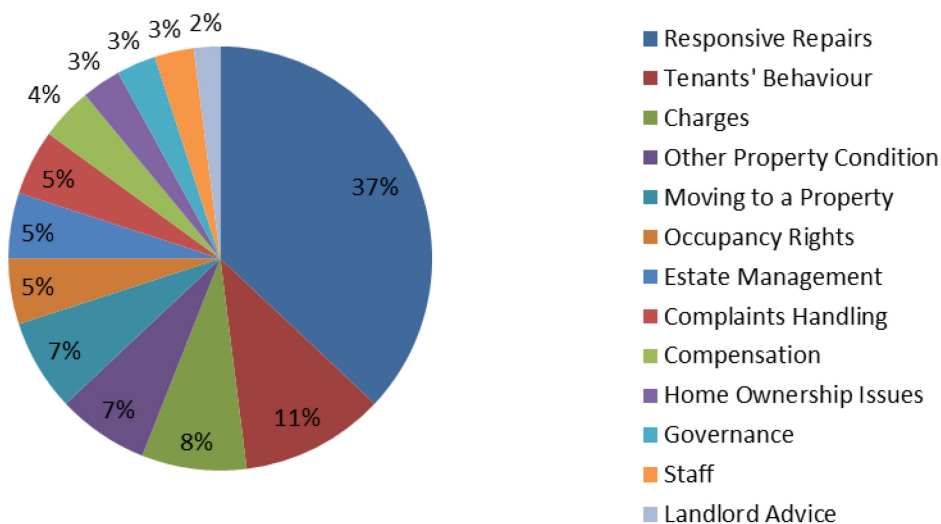
The increases in productivity over the year meant that by 31 March 2016 only nine cases under investigation were over 12 months old. We intend to continue to improve our case times and in 2016-17 aim to resolve 95% of complaints within our formal remit within 12 months. To promote the resolution of disputes we will also be offering a faster early resolution option to our customers, backed up by an Ombudsman’s determination recording the agreed resolution as an alternative to a full investigation. This will provide better choices for our customers and should reduce average case times.

Categories of complaints

Our complaint categories have remained fairly consistent over the last few years with the largest category being Responsive Repairs at 37% of complaints in 2015-16 and 41% the previous year. The second largest category was Tenants’ Behaviour at 11% (no change from 2014-15).

The chart below shows the proportion of complaints we received in the different areas of our work for 2015-16.

Categories of complaints and enquiries by % 2015-16



In 2015-16, the proportion of complaints about Complaint Handling itself reduced to 5% compared to 8% the previous year. We believe this is in part due to our work with landlords to improve their complaint handling.

Performance Report

Outcomes of formal determinations

The table below provides a detailed breakdown of the outcomes of our formal determinations over the year.

Determination	Cases	
	No	%
Maladministration	183	17%
No Maladministration	238	22%
Partial Maladministration	89	8%
Redress	361	33%
Resolved With Intervention	56	5%
Withdrawn	49	4%
Total determinations excluding outside jurisdiction	976	89%
Outside Jurisdiction	125	11%
Total Determinations	1101	100%

The relatively low level of formal maladministration or partial maladministration findings at this stage reflects the work we do with landlords and residents to try to resolve cases at earlier stages of the process. This means that proportionately fewer cases where there has been service failure come through to our formal remit.

The category of 'reasonable redress' reflects cases where a landlord has acknowledged that they have made a mistake and offered to put things right in a manner which we feel is reasonable by the time it has come to be investigated. However we can still offer recommendations at this stage to improve future practice.

Improving customer service

Customer feedback is integral to our performance management framework.

We seek feedback fortnightly from complainants and landlords shortly after a case is closed, at any stage of the workflow, to monitor our service and performance continuously. We survey around 20% of our cases closed.

We ask two questions:

- Did we treat you well?
- Did we help?

We then give respondents an opportunity to tell us anything else they wish about our service. The first question is aimed at assessing our customer service i.e. were we polite and respectful, did we respond promptly and efficiently etc. The second question is intended to assess the substantive impact of our involvement in the case.

Performance Report

We have used this statistical and narrative feedback during the year to drive improvements at organisational, team and individual level. It has informed our organisational review, our dispute resolution policy and process, team discussions about customer care and individual discussions between staff and their managers. It is the first year we have used this results based accountability framework and it has delivered excellent results

However assessing how to measure the KPI targets has not been straightforward as we have received significantly more feedback from complainants than landlords. When the KPIs were set it was assumed that we would receive approximately equal levels of feedback from landlords and complainants. We have therefore combined the average of the scores for landlord feedback with the average of the scores for complainant feedback for these results.

Supporting local resolution

We maintained high performance across the year for customer service delivery relating to complaints going through the landlord's complaints procedure.

- At this stage 88% of our customers thought we treated them well. Our target was 90%.
 - This represents an average of 90% for landlords and 86% for complainants.

We exceeded our KPI target in relation to the impact of our service for complaints which were going through the landlord's complaints procedure.

- At this stage 74% of our customers felt that we helped. Our target was 70%.
 - This represents an average of 85% for landlords and 63% for complainants.

Determining complaints

In relation to our customer service delivery we exceeded our KPI relating to complaints which have completed the landlord's procedure by 9%.

- At this stage 82% of our customers thought we treated them well. Our target was 73%.
 - This represents an average of 94% for landlords and 71% for complainants.

In relation to the impact of our service we exceeded our KPI in relation to complaints which have completed the landlord's complaints procedure by 26%.

- At this stage 65% of our customers felt that we helped. Our target was 39%.
 - This represents an average of 91% for landlords and 39% for complainants.

Within our formal remit we are making formal impartial decisions on cases which have completed the landlord's complaints procedure. These are cases it has not been possible to resolve earlier in the process. My role as an independent impartial Ombudsman means that in many cases either the complainant or the landlord will not agree with the final outcome of an investigation.

Results at this stage from complainants are strongly correlated with outcomes. The KPI target levels reflect this.

Performance Report

Complainants whose cases were not upheld were less likely to respond positively to these questions, particularly the question as to whether we had helped which focuses on the substantive outcome of their case. However even here positive responses still exceed the number of complaints upheld. We find maladministration or partial maladministration in around 25% of our cases and help to resolve a further 5% at this stage. So potentially only 30% of complainants should think we help. It seems likely that some of the additional 9% of positive responses relate to cases where even if we have not found maladministration we have made recommendations for future practice in other cases. We know from our narrative feedback that many complainants and landlords find this helpful.

These results also suggest that complainants have been able to distinguish between the purpose of the two questions, recognising, even when we do not find maladministration, where we provide good customer service. 71% of complainants think we treat them well, which means that 41% of customers recognise our positive customer care even where we do not uphold their case.

Landlords' feedback is high for both 'Did we treat you well?' and 'Did we help?' Landlords rate our customer service highly and appear to find a final decision useful even if our determination goes against them. Narrative feedback suggests that landlords find our explanation of the rationale for our decisions, our advice on best practice and our role in bringing often long running complaints to a conclusion helpful in most cases.

Customer feedback

"The advice I was given was very professional and helpful" (complainant)

"My complaint was looked into and the issues understood clearly" (complainant)

"Provided useful guidance on how to resolve a complaint and move forward"
(landlord)

Working with landlords

We recognise that the wider housing sector is ever evolving and both landlords and residents face challenges and changes.

Through our sector development work, we encourage landlords to apply our dispute resolution principles when dealing with complaints to ensure fair processes and outcomes for residents. We promote these principles in our own casework and in the learning we offer through our sector development work. As landlords learn and develop these principles into their own processes and behaviours we expect to see a reduction in complaints escalating and requiring our intervention.

Performance Report

Our work with landlords is generating some excellent results. A number of landlords have changed their complaints procedures and take up for our e-learning is increasing.

Our key activities in 2015-16 were:

- As at 31 March 2016, 2,879 staff of landlord organisations had completed one or more modules in our free, open access e-learning. Following its success we also produced a resident-focused e-learning resource, and 289 residents have completed one or more modules. We are currently reviewing our e-learning package to ensure that it remains relevant and up-to-date and continues to meet the needs of our customers, and will be promoting this free learning tool over the next year.
- We held nine Landlord Engagement and Peer Learning Workshops, which provide an opportunity for landlords to discuss and share best practice and learning. These sessions are very well received, with an average score of 4.7 out of 5. We are now planning to work in partnership with other organisations on the future delivery of workshops to maximise impact.
- We have been developing relationships with landlords in the course of our complaints work. Our managers engage with key people in landlord organisations to talk about what actions may improve complaint processes in the context of the actual complaints and complaint handling that we have seen relating to that particular landlord.
- Over the year we took a targeted, proactive approach with a small number of landlords where we thought it could have a real impact on their complaint handling processes. We offered to work with them more intensively and encouraged them to take part in the e-learning and workshops. We will be reviewing the outcome of this approach later this year.

Feedback from landlords

“Great practice shared to take away and think about and see how it can be implemented”

“It was very informative. I will be dealing with complaints differently”

“Enjoyed networking with others and seeing how they deal with complaints in their organisations”

We work in partnership with the housing sector, engaging in discussion regarding the challenges and changes facing the sector, and identifying areas where we can help reduce the potential for landlord and tenant disputes. The Ombudsman and other staff members have spoken at a variety of events over the year. These have included the Chartered Institute of Housing, G15 Complaints Network, the Public Sector Complaints Network, Housemark and the Tenant Participation Advisory Service. We have also run a number of sessions for tenant panel members sharing our dispute resolution principles and approach.

Performance Report

Financial performance

We ended 2015-16, as planned, with a small operating deficit in accordance with our reserves strategy. The strategy will reduce the level of our reserves through investment in IT to deliver our business plan and by mitigating increases in members' subscription charges.

Subscription income was lower than 2014-15 due to a reduced per unit rate while staff costs increased as we reshaped our resource requirements to deliver our vision and casework priorities. Administrative expenditure reduced as we better targeted some of our activities or as a result of one-off costs incurred in the prior year.

Financial position

Our net assets increased compared to 31 March 2015 and this is almost wholly due to the reduction in our pension scheme liability. Current assets and liabilities were also affected by the later invoicing of 2016-17 subscription fees. These were not sent out before 31 March and, consequently, both the cash and deferred income balances are lower. We will monitor the impact of this on debtor collection over the coming months.

Staff

We must live within a total headcount limit in accordance with government controls. The permanent limit is 55 but in November 2015 this was temporarily increased and we recruited four additional caseworkers. With this additional resource, we were able to reduce the number of cases over 12 months old within our formal remit to just nine as at 31 March 2016.

Denise Fowler
Housing Ombudsman

4 July 2016

Accountability Report

Corporate governance

Ombudsman's report

I took up my appointment on 11 March 2015 so this is my first full year as the Housing Ombudsman. It has been a year of significant change and positive achievement.

This year I have led an organisational review to ensure that the Housing Ombudsman business model continues to be fit for purpose in light of changes in the housing sector and that we continually review and improve our performance.

Immediate action has been taken to address priority concerns and a new vision and organisational strategy have been developed and reflected in our Corporate Plan 2016-19. This was agreed with the Secretary of State in May 2016. It sets out the changes to our processes, people, systems and environment we are implementing to enable us to continually improve our service.

A new vision

The new vision, *Housing Matters: Fairness Matters*, strategic objectives and values spearheading the change programme were consulted upon and welcomed by stakeholders and staff. I and my team worked closely with key stakeholders to assess the quality of the existing service and to develop the Housing Ombudsman Service (HOS) into the service it needs to be. We have built very effective relationships with landlords, tenant organisations, other housing sector organisations, Ombudsmen and our sponsor department, the Department for Communities and Local Government. As a result the new strategic objectives are clearer and more easily measurable. They ensure that our service is open and accountable.

Dispute resolution

In recent years HOS has coped well with a large volume of complaints and enquiries, which has arisen partly due to the extension of our remit to cover local housing authorities. The value of our approach to local resolution has long been recognised, as evidenced by the many very positive responses to the Public Services Ombudsman (PSO) consultation. We resolve a high proportion of complaints locally in line with our vision and the policy of the Localism Act 2013. In 2015-16, 81% of the complaints we received were closed without requiring a formal determination. However further measures have been required to deal with the volume of older, more complex cases. In recent years staff numbers have not increased to match demand and I inherited a backlog of cases over 12 months old.

My approach has been two fold. I have worked with my committed staff team to ensure that our processes are ever more effective and efficient and, by demonstrating significant improvements in productivity, I have been able to convince the Secretary of State to agree to an increase in our headcount. As a result we determined 976 cases within our jurisdiction compared to 579 in 2014-15. This reduced the historical backlog of almost 200 cases over 12 months old which had been identified in year to around nine cases by the end of March 2016.

Our new dispute resolution policy and process went live in April 2016. This aims to improve our existing processes by ensuring:

- Earlier decision making in relation to jurisdiction
- A clearer explanation of our role pre and post the landlord's complaint procedure
- A stronger focus on ensuring the timely determination of complaints within our formal remit

Accountability Report

- Well-defined choices for complainants
- Greater clarity re process and outcomes
- Increased efficiency.

Customer feedback

This is the first full year of using our results based accountability framework. We began using fortnightly feedback from complainants and landlords on individual cases to drive change at organisational, team and individual level. When things went well we celebrated success and when customers suggested change was required we sought to action this e.g. increasing our focus on complaints within our formal remit and spending more time keeping customers up to date on the progress of their complaints. The positive results are most evident in relation to the feedback from complainants. For example, in the first quarter of 2015-16 50% of complainants thought we treated them well in respect of cases where we made a formal determination. By the last quarter of 2015-16 this was 79%.

Quality and assurance

New systems for quality assurance regarding casework, and analysing and reporting performance have been introduced to support effective delivery.

While making improvements to ensure the integrity of our data and improve our performance reporting this year, we found that a number of cases dating back to 2013-14 and 2014-15 were not recorded properly, exposing a backlog of cases which needed to be determined. We took immediate measures to work to tackle the backlog of cases identified. Our performance information is now significantly improved enabling the organisation to manage casework more effectively and to be more transparent and accountable to our customers and to our sponsor Department and to Parliament.

Governance and control

Our internal systems for governance, assurance and control have also needed improvement. Our governance has been clarified to ensure clear lines of accountability and responsibility from me, through the Senior Leadership Team to the rest of the organisation.

All financial policies and procedures have been revisited and our system of financial controls has been given a rating of green, substantial assurance, by internal audit.

A new approach to identifying, assessing and managing risk this year has given us much greater visibility on cross-organisational and inter-dependent risks and enabled us to manage and mitigate some very significant issues effectively.

We have also updated a number of key policies this year including anti-bribery, anti-fraud and whistleblowing, and our policies and procedures for information management and data protection. There were no whistleblowing concerns raised over the year. There were no health and safety issues reported during the year. We reported one information breach to the Information Commissioner's Office (ICO) last year. As we had already taken remedial action, the ICO confirmed that no further action was necessary.

Accountability Report

Working with landlords

We will continue to work with landlords and residents organisations to facilitate improvements to complaint handling and service delivery. This empowers landlords and residents to resolve more complaints locally, reducing dependency on our service. In addition to our own activities we are increasingly working in partnership with other organisations to have a greater impact for less resource. It has allowed us to reallocate some of the sector development budget into other priority areas while still supporting the sector this year.

I was particularly glad this year to work, alongside LEASE, with the Tenant Participation Advisory Service on their publication, *The Leaseholders Engagement Guide*. I also very much enjoyed my discussions at Housemark's Customer Excellence Club. These collaborations extend the reach and scope of our activities.

People and organisational design

The Senior Leadership Team has been reshaped. I have moved from a three to a two directorate structure giving clearer lines of accountability and responsibility. Our sector development activity is now integrated with the dispute resolution teams enabling us to provide a better customer service. New specialist leads for HR, legal and communications have been introduced.

Overall we have had a significant capacity challenge this year. The total headcount agreed with DCLG as part of the business planning process in February 2015 was 55 staff. It became clear very soon after I arrived that this was insufficient to meet the volume of complaints and corporate support required. In November 2015 the Secretary of State agreed a temporary increase in our headcount to allow us to employ an additional four caseworkers to the end of March 2016. Following submission of our business plan for 2016-17 it was agreed that our headcount for 2016-17 would be 61. This increased headcount is essential to improving casework performance.

Pending the outcome of the PSO consultation we employed more fixed term and temporary contracts this year but we will be recruiting to most posts permanently from now on.

Staff were fully engaged in developing our new vision, strategic objectives and values. We have used these to underpin a more consistent approach to recording objectives, assessing performance and supporting learning and development for all staff. Colleagues' engagement, sense of purpose and commitment across the organisation has enabled us to achieve significant improvements in productivity this year.

Accommodation

We were planning a move to accommodation on the government estate but found out in April 2016 that this would not be possible so we had to revise our plans at a late stage. It has taken some time to identify suitable alternative accommodation which meets the requirements of government property controls. We are due to move out of our current accommodation on 6 August so managing this move within these timescales remains challenging. We are now close to finalising a sub-lease for alternative accommodation. The new accommodation is ideal for our needs, accessible for clients and suitable for our staff and business requirements.

Accountability Report

Safeguarding and building

Overall, 2015-16 has been a year of safeguarding and building. We will move to embedding new structures and processes during 2016-17, particularly those related to our new dispute resolution policy, and we will continue to deliver a high quality service to all our customers.

Register of interests

A register of interests is maintained covering the Ombudsman, the directors and members of the Audit and Risk Assurance Committee and this is available in the publications section of the HOS website at housing-ombudsman.org.uk. The Ombudsman, directors and ARAC members have no interests which conflict with their responsibilities.

Statement of Accounting Officer's responsibilities

Under the Housing Ombudsman Scheme, approved under Section 52 and Schedule 2 of the Housing Act 1996, the Secretary of State for the Department for Communities and Local Government (DCLG) has directed The Housing Ombudsman to prepare for each financial year a statement of accounts in the form and 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 The Housing Ombudsman (THO) 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 DCLG has designated the Housing Ombudsman as Accounting Officer of The Housing Ombudsman. 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 THO's 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.

Accountability Report

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 Department's Permanent Secretary who is the Principal Accounting Officer for the Department.

As Accounting Officer I am personally responsible for safeguarding HOS's funds and for ensuring regularity, propriety and value for money in the handling of those funds. I am required to ensure that the organisation is run on the basis of the requirements, in terms of governance, decision-making and financial management, set out in *Managing Public Money*. I must be able to assure Parliament and the public of high standards of probity in the management of public funds.

Governance structure

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".

The Housing Ombudsman (THO) is a corporation sole which is a distinct legal entity with legal capacity. Corporations sole 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, in this case, the Housing Ombudsman.

THO operates in accordance with the Housing Ombudsman Scheme (the Scheme) which was approved by the Secretary of State (currently for the Department for Communities and Local Government) under the terms of the Housing Act 1996.

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

As the Housing Ombudsman I also operate in accordance with the requirements set out in the Framework Document agreed with the Department for Communities and Local Government as sponsor department, Cabinet Office controls over expenditure and *Managing Public Money*. Any potential conflict between the Framework and the Scheme must be resolved in favour of the Scheme.

In making decisions about governance, risk management and internal control, I am advised by a statutory Audit and Risk Assurance Committee.

Internally, I am supported by a Senior Leadership Team which supports, advises and assures me in the exercise of all of my responsibilities, including advising on, and helping to adapt, the strategic direction and operational plans for HOS, as necessary.

Membership comprises the Ombudsman and the directors, with attendance by other managers and specialist staff as appropriate. It meets fortnightly. Details of the Senior Leadership Team are included in the Remuneration and Staff Report.

In addition, I am supported by a Management Team which brings together the Ombudsman, directors and managers to consider issues referred from the Senior Leadership Team and to review performance, delivery and the management of operational risks. Management Team meets monthly.

Accountability Report

The Scheme provides that the Ombudsman may appoint a Panel of Advisors. I have yet to appoint a Panel but have committed to appointing one in our 2016-17 Business Plan.

Audit and Risk Assurance Committee

Matters covered by the Audit and Risk Assurance Committee in year were:

- input to the development of the corporate risk register and, from November, risk assurance of two corporate risks at each meeting, including a discussion of the related risk appetite
- review of the governance structure
- review of all financial policies and procedures
- review of key non-financial policies and procedures
- review of accounting policies
- review of reports from internal and external audit and a tracker setting out management's progress in implementing their recommendations
- review of the annual report and accounts, and
- a Committee effectiveness self-assessment.

The Committee was satisfied that its work indicated effective governance, risk management and internal control were in place to assure the Accounting Officer.

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

Member	Attendance
Sue Harvey	6/6
Julie Parker	6/6
Nicola Wood	5/6
Simon Sweetinburgh	5/6

Risk management

In June 2015, a revised approach to risk management including new risk registers, clear lines of accountability and responsibility and a clear process for escalation was adopted. Consequently, the strategic and corporate risks facing the organisation, and who is accountable for managing these, are now much more clearly articulated. This development gives the Senior Leadership Team and the ARAC greater visibility of the risks and allows them to advise me more effectively. Discussions have considered whether the risks are correctly defined, the level of appetite for risk, and whether controls and mitigations are appropriate and timely.

The key risks facing the organisation during the year and their current status are set out below:

- *Casework volumes*

Casework volumes remained high this year but the speed of our service improved significantly with better performance across the organisation including a 68% increase in productivity in conducting formal determinations of cases within jurisdiction. Customer feedback also confirmed that the quality of our service remained high in all areas throughout the year. However we will keep this risk under review in 2016-17 as complaint volumes remain high and we will be taking on responsibility for new areas of complaints.

Accountability Report

- *Accommodation*

Our lease on our current accommodation expires on 6 August 2016. Despite beginning our property search early on, late issues arose which ruled out our initial options. We are subject to government property controls and so, as no suitable government property was available within our timescale, we required an exemption to pursue options off the government estate. We are now close to finalising a sub-lease for alternative accommodation so this risk has reduced but will remain high until the move is complete.

- *Public Service Ombudsman (PSO) consultation*

This could potentially have had an impact on our service but the Government announced in December 2015 that it would “work to create a single service which will encompass the existing jurisdictions of PHSO and LGO only in the first instance with a framework that allows others to join over time”. We will continue to work collaboratively with other Ombudsmen including the Parliamentary and Health Services Ombudsman, the Local Government Ombudsman and the new PSO if established.

- *HOS Governance, assurance and internal control frameworks*

These have been reviewed and developed in year and the frameworks are now of a high quality.

Overall, the organisation’s risk profile is improving as its identification and management of risks has become more robust and embedded. Current risks are contained and relate to keeping the service relevant and responsive to our customers’ needs.

Internal control

I have undertaken an organisational review during the year which has significantly increased the strength of internal control and the assurance I can take from our systems. In particular, I have continued to strengthen financial controls. All staff members have now received training in this area and I received a substantial assurance opinion in the Key Financial Controls review from the internal auditors.

New quality control and quality assurance processes have been introduced over casework which now provide me with robust assurance over all of the determinations made. Internal audit also reviewed this area and it received a substantial assurance rating in their report.

Work to improve dispute resolution performance reporting in-year identified historical data recording errors from 2013-14 and 2014-15. In response, new procedures were put in place to correct previous errors and ensure the robustness of data going forward. I am now content that our performance information is significantly improved and enables HOS to be more transparent and accountable to our customers, to our sponsor Department and to Parliament.

New systems have been introduced for reporting and managing performance and risk at organisational, team and individual levels. These ensure that staff members are responsible and accountable for delivery in accordance with the Business Plan.

Sources of assurance

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

- the annual report from the ARAC to me on their view of governance, risk management and internal control

Accountability Report

- Statements of Assurance from each of the Directors setting out how governance, risk management and internal control have operated within their areas and any significant weaknesses
- the annual report and opinion from the Head of Internal Audit
- the NAO's management letter for 2014-15 and the audit completion report for 2015-16
- performance data, and
- the outcome of reviews of various areas of the business.

The ARAC concluded that they were satisfied that “appropriate governance, risk management and internal control operate within THO”.

The Head of Internal Audit concluded that: “based on our assurance work, and taking into account the progress being made around systems under development, I am able to give a SUBSTANTIAL opinion in respect of the financial year 2015-16”.

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 challenge for 2016-17 will be to embed new processes and controls while at the same time delivering effective business change.

I am also satisfied that HOS operates in accordance with the *Corporate governance in central government departments: Code of Good Practice*, as far as is appropriate for a non-departmental public body and a corporation sole.

Denise Fowler
Housing Ombudsman

4 July 2016

Accountability Report

Remuneration and staff report

The Ombudsman is a public appointment for two years, unless extended. Consequently, she is not an employee. The Housing Ombudsman is appointed by the Secretary of State in accordance with Section 51 of the Housing Act 1996 and paragraphs 59-64 of the Housing Ombudsman Scheme. The Ombudsman's salary is considered annually in line with public sector pay policy.

THO does not have a remuneration committee. Remuneration of employees is linked to the salary scales of THO and to contractual entitlement. Senior managers are employees of THO and have an annual appraisal and any pay progression is based on merit.

The Director of Finance and Corporate Performance and the two Acting Directors of Casework are permanent employees with three month notice periods. The acting up period is until September 2016 with an option to extend.

No significant awards were made to the Ombudsman, any senior manager or committee member. In particular, no allowances or bonuses were paid to the Ombudsman or senior management in year. No element of remuneration is non-cash. Information in regard to salary 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. The only compensation payment was to the former Head of Corporate Services.

Accountability Report

Remuneration and staff report (subject to audit)

	N o t e s	Single Total Figure of Remuneration				Pension Entitlement Details				
		Salary and fees	Pension benefits	2015 - 2016	2014 - 2015	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
Ombudsman & Senior Managers										
Denise Fowler (Ombudsman)		115,000 – 120,000	37,000	155,000 – 160,000	5,000 – 10,000	2,500 – 5,000	0 – 5,000	-	30,000	16,000
Helen Megarry (Deputy Ombudsman)	1	85,000 – 90,000	27,000	110,000 – 115,000	110,000 – 115,000	0 – 2,500 0 – 2,500	20,000 – 25,000 30,000 – 35,000	304,000	332,000	20,000
Andrea Keenoy (Director of Finance and Corporate Performance)	2	45,000 – 50,000	15,000	60,000 – 65,000	-	0 – 2,500 -	0 – 5,000 -	-	8,000	4,000
Martin Colwell (Head of Corporate Services)	3	100,000 – 105,000	8,000	110,000 – 115,000	95,000 – 100,000	0 – 2,500 -	10,000 – 15,000 0 – 5,000	142,000	153,000	8,000
Paul Neville (Director of People, Organisation and SD)	4	60,000 – 65,000	27,000	85,000 – 90,000	110,000 – 115,000	0 – 2,500 0 – 2,500	10,000 – 15,000 5,000 – 10,000	115,000	133,000	12,000
Joyce Adu (Acting Director of Casework)	5	0 – 5,000	4,000	5,000 – 10,000	-	0 – 2,500 0 – 2,500	10,000 – 15,000 10,000 – 15,000	167,000	169,000	2,000
Emma Foxall (Acting Director of Casework)	5	0 – 5,000	5,000	5,000 – 10,000	-	0 – 2,500 0 – 2,500	5,000 – 10,000 5,000 – 10,000	124,000	128,000	3,000

- Helen Megarry resigned with effect from 10 March 2016. Her annual salary was in the range of £85,000 - £89,999.
- Andrea Keenoy was appointed Director of Finance and Corporate Performance on 1 September 2015. Her annual salary is in the range £80,000 – £84,999.
- Following a review of senior leadership requirements, Martin Colwell was made redundant with effect on 6 August 2015. Salary payments of £28,939, a redundancy payment of £75,076 and a pension payment of £55,288 were made during the year. The annual salary was in the range £75,000 – £79,999.
- Paul Neville resigned with effect from 31 January 2016. The annual salary was in the range £75,000 – £79,999.
- Joyce Adu and Emma Foxall were both appointed Acting Director of Casework on 7 March 2016. The annual salary for this position is in the range £65,000 – £69,999.

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 referred to on page 4 are not senior managers of THO.

Accountability Report

Fair pay disclosure (subject to audit)

	2015 - 2016	2014 - 2015
Band of highest paid individual's remuneration (£)	115,000 – 119,999	115,000 -119,999
Median remuneration of staff (£)	42,367	40,884
Ratio between median remuneration and mid-point of banded remuneration of highest paid individual	2.8:1	2.9:1
The range of staff remuneration is between	24,000 - 82,000	24,000 - 87,000

Staff costs (subject to audit)

	2015 - 2016		2014 - 2015	
	Permanent staff	Temporary staff	Total	Total
	£'000	£'000	£'000	£'000
Wages and salaries	2,077	491	2,568	2,433
Social security costs	195	-	195	183
Pension service costs	489	-	489	319
Redundancy costs	130	-	130	-
	<u>2,891</u>	<u>491</u>	<u>3,382</u>	<u>2,935</u>

Although not an employee, the Ombudsman's salary costs are included in the permanent staff column above.

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. Work is in progress for the 31 March 2016 triennial review which will set contributions for the period from 1 April 2017 to 31 March 2020.

Following the 2013 triennial review the actuary recommended that the Corporation Sole's contribution rate of pensionable salaries is as follows:

Year Ended 31 March	Contribution Rate %
2015	25%
2016	25%
2017	25%

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

More details can be found in Note 15.

Accountability Report

Staff numbers

The Ombudsman is a public appointment and so not an employee. THO had three employees classified as senior managers at any one time during 2015-16, as detailed in the Remuneration Report. In total, six employees held senior management roles over the year. Including the Ombudsman, THO had a total of 54 employees as at 31 March 2016, of which 38 were female and 16 male.

Average number of persons employed

The average number of THO employees (including part-time employees and secondees) and the Ombudsman during the year were 54 (2015: 51), engaged in the following duties:

	THO 2015-2016	THO 2014-2015
Ombudsman (not an employee)	1	1
Caseworkers	34	32
Organisation and Sector Development	6	5
Support staff	5	4
Temporary staff	8	9
	<hr/>	<hr/>
	54	51
	<hr/>	<hr/>

Sickness absence

During the year employee sickness levels were recorded as 1% in respect of short-term sickness and 0% in respect of long-term absence.

Staff policies

HOS 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 HR and Organisation Development policies and procedures, and the open and transparent way they are applied.

HOS will do whatever is reasonable to ensure that there is equality of access to employment opportunities for people with disabilities. We undertake to make any reasonable adjustments for applicants who have a disability to ensure they can give their best in the selection process.

HOS will aim to continue the employment of employees who have become disabled during their employment and ensure appropriate reasonable adjustments are made to enable the person to perform well in their role.

HOS ensures that accessible development opportunities are available to all employees including those with disabilities, to enable our people to be competent and confident in their role, and to grow and develop.

Expenditure on consultancy

No costs related to consultancy were incurred in 2015-16.

Accountability Report

Off-payroll engagements

For all off-payroll engagements as of 31 March 2016, for more than £220 per day and that last longer than 6 months.

No. of existing engagements as of 31 March 2016	0
Of which...	
No. that have existed for less than one year at time of reporting.	0
No. that have existed for between one and two years at time of reporting.	0
No. that have existed for between two and three years at time of reporting.	0
No. that have existed for between three and four years at time of reporting.	0
No. that have existed for four or more years at time of reporting.	0

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016, for more than £220 per day and that last for longer than six months.

No. of new engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016.	1
No. of the above which include contractual clauses giving the right to request assurance in relation to income tax and National Insurance obligations.	1
No. for whom assurance has been requested.	1
No. for whom assurance has been received.	1

There are no off-payroll arrangements for senior officials with significant financial responsibility.

Reporting of exit packages (subject to audit)

Exit package cost bands (£)	2015-16			2014-15		
	Number of compulsory redundancies	Number of other departures agreed	Total	Number of compulsory redundancies	Number of other departures agreed	Total
0 – 9,999	-	-	-	-	-	-
10,000 – 24,999	-	-	-	-	-	-
25,000 – 49,999	-	-	-	-	-	-
50,000 – 99,999	-	-	-	-	-	-
100,000+	1	-	1	-	-	-
Total number of exit packages	1	-	1	-	-	-
Total Cost (£)	130,364	-	130,364	-	-	-

Accountability Report

Parliamentary accountability and audit report

Regularity of expenditure (subject to audit)

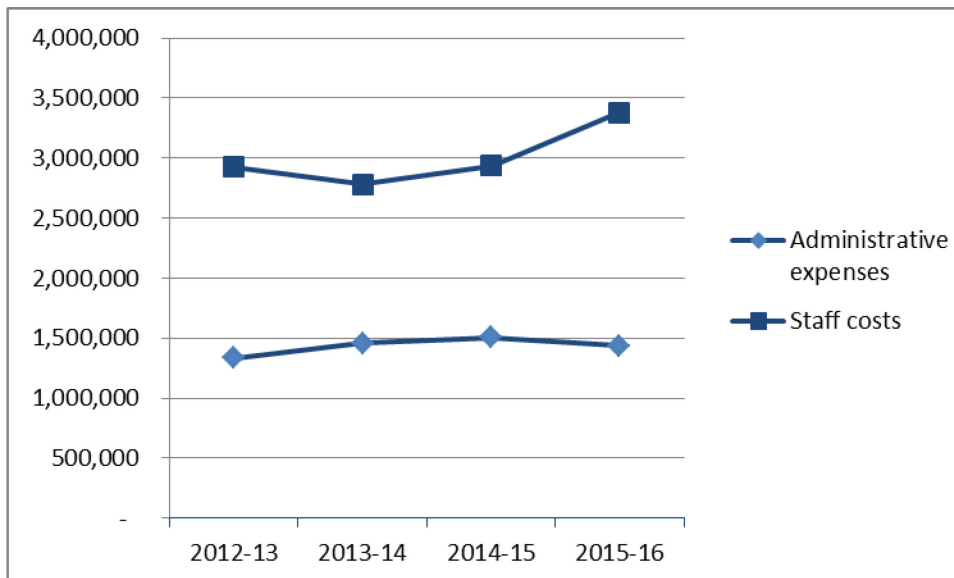
There were no losses or special payments that require disclosure in the Annual Report and Accounts.

Fees and charges (subject to audit)

THO is fully funded by a subscription charge on members, and this is set in line with the Housing Ombudsman Scheme.

The annual subscription fee is £0.96 per unit for members and is prorated if a member joins during the year. The total income received in the year from subscriptions was £4.7million.

Long-term expenditure trends



Average full-time equivalent staff numbers have increased from 44 to 54 (23%) between 2012-13 and 2015-16. This lies behind the increase in staff costs (16% over the same period), as well as an increase in the rate of employers pension contributions. Administration costs have remained relatively steady (8% increase between 2012-13 and 2015-16) despite a significant increase in the volume of complaints.

Remote contingent liabilities

There are no remote contingent liabilities.

Auditor remuneration

The audit fee for 2015-16 is £30,500 (2014-15: £29,000). No remuneration was paid to the auditors for non-audit work.

Accountability Report

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

I have audited the financial statements of The Housing Ombudsman for the year ended 31 March 2016 under the Housing Ombudsman Scheme as approved by the Secretary of State for Communities and Local Government under section 51 of and Schedule 2 to the Housing Act 1996. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the annual report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Housing Ombudsman as both Accounting Officer and a corporation sole is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and report on the financial statements in accordance with the Housing Ombudsman Scheme as approved by the Secretary of State for Communities and Local Government under section 51 of and Schedule 2 to the Housing Act 1996. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. This includes an assessment of: whether the accounting policies are appropriate to The Housing Ombudsman's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by The Housing Ombudsman; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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 who govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income 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.

Accountability Report

Opinion on financial statements

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 2016 and of the 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 Communities and Local Government under section 51 of and Schedule 2 to the Housing Act 1996 and the Accounts Direction issued thereunder.

Opinion on other matters

In my opinion:

- the parts of the annual report to be audited have been properly prepared in accordance with the Accounts Direction made under the Housing Ombudsman Scheme as approved by the Secretary of State for Communities and Local Government under section 51 of and Schedule 2 to the Housing Act 1996; and
- the information given in the annual 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 annual 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.

Sir Amyas C E Morse
Comptroller and Auditor General

6 July 2016

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

Statement of Comprehensive Income for the year ended 31 March 2016

	Notes	2015 - 2016 £	2014 - 2015 £
Revenue			
Subscriptions	1b	<u>4,689</u>	<u>4,844</u>
		4,689	4,844
Expenditure			
Administrative expenses	2a	(1,437)	(1,507)
Staff costs	2b	(3,382)	(2,935)
		<u>(130)</u>	<u>402</u>
Interest receivable/(payable)	3	<u>(37)</u>	<u>(23)</u>
Surplus/(Deficit) before taxation		(167)	379
Taxation	4	<u>(6)</u>	<u>(5)</u>
Surplus/(Deficit) after taxation		(173)	374
Other comprehensive income			
Net actuarial gain/(loss) on pension fund	15c	506	(965)
Total Comprehensive Income		<u><u>333</u></u>	<u><u>(591)</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 34-47 form part of these financial statements.

Statement of Financial Position as at 31 March 2016

	Notes	31.03.2016 £'000	Restated 31.3.2015 £'000	Restated 01.04.2014 £'000
Non-current assets				
Property, plant and equipment	5	104	189	286
Intangible assets	6	92	146	207
Trade Receivables		-	-	140
		<u>196</u>	<u>335</u>	<u>633</u>
Current assets				
Trade receivables and other current assets	7	165	199	175
Cash and cash equivalents	8	3,789	4,140	1,057
Investments		-	-	2,000
Total current assets		<u>3,954</u>	<u>4,339</u>	<u>3,232</u>
Current liabilities				
Trade payables and other current liabilities	9	424	957	369
Current tax liabilities		6	4	5
Provisions	10	38	-	-
Total current liabilities		<u>468</u>	<u>961</u>	<u>374</u>
Total assets less current liabilities		<u>3,682</u>	<u>3,713</u>	<u>3,491</u>
Non-current liabilities				
Net pension liability	15f	1,824	2,188	1,234
Trade payables		-	-	142
Total non-current liabilities		<u>1,824</u>	<u>2,188</u>	<u>1,376</u>
Assets less liabilities		<u>1,858</u>	<u>1,525</u>	<u>2,115</u>
Reserves				
General fund reserve		3,682	988	1,578
Pension fund reserve		(1,824)	537	537
Total reserves		<u>1,858</u>	<u>1,525</u>	<u>2,115</u>

The notes on pages 34-47 form part of these financial statements.

The restatement is explained in note 14.

Denise Fowler
Housing Ombudsman

4 July 2016

Statement of Cash Flows for the year ended 31 March 2016

	Notes	2015 - 2016 £'000	Restated 2014 - 2015 £'000
Cash flows from operating activities			
Surplus/(Deficit) from operations		(130)	402
Depreciation and amortisation charges	5,6	167	182
Provision for office dilapidations	10	38	-
Pension scheme service and admin costs	15a	536	324
Pension scheme contributions	15f	(463)	(382)
(Increase)/Decrease in receivables	7	34	116
Increase/(Decrease) in payables	9	(533)	445
Cash generated from operations		(351)	1,087
Corporation tax paid		(4)	(4)
Net cash inflow/(outflow) from operating activities		(355)	1,083
Cash flows from investing activities			
Purchase of property, plant and equipment	5,6	(28)	(24)
Bank and other interest received	3	32	24
Investments	8	-	2000
Net cash inflow/(outflow) from investing activities		4	2,000
Cash flows from financing activities			
Grant in aid received from DCLG		-	-
Net cash inflow/(outflow) from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents in the period		(351)	3,083
Cash and cash equivalents at the beginning of the period		4,140	1,057
Cash at end of period	8	3,789	4,140

The notes on pages 34-47 form part of these financial statements.

The restatement is explained at Note 14.

Statement of changes in taxpayers' equity as at 31 March 2016

	General Fund £'000	Pension Fund £'000	Total £'000
Balance as at 1 April 2014	1,579	537	2,116
Total comprehensive income	(590)		(590)
Transfer to pension fund reserve			-
Balance as at 31 March 2015	989	537	1,526
Transfer between reserves	2,725	(2,725)	-
Total comprehensive income	333	-	333
Transfer between reserves in respect of pension fund liability	(364)	364	-
Balance as at 31 March 2016	3,683	(1,824)	1,859

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

The presentation of these reserves has been amended to provide more transparent disclosure for users. This is not a change in accounting policy, but a change in presentation.

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

The notes on pages 34-47 form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2016

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) and under a direction issued by HMT under THO's Framework Document. 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.

b) Subscriptions

Subscriptions are the annual amounts payable by landlord members of the Housing Ombudsman Scheme for the year ended 31 March 2016. Subscriptions are calculated based on a standard per housing unit charge applied to the number of units owned or managed by member landlords. Any subscriptions paid in advance are treated as deferred income.

c) Property, plant and equipment

THO 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, due to the fact that these assets 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 £1,000.

Property, plant and equipment are disclosed at cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment evenly on a monthly basis at rates 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 - 10 years

d) Intangible assets

Intangible assets comprise computer software and website development 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 (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 £1,000.

Notes to the financial statements for the year ended 31 March 2016

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. THO also makes longer term investments, typically held for up to 6 months, and these are reported separately.

f) Pension costs

The Housing Ombudsman participates in a multi-employer funded defined benefit scheme. The Housing Ombudsman 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 The Housing Ombudsman's share of the Fund and therefore has performed an actuarial valuation at 31 March 2016 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 15, 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. Any rent-free period is amortised evenly over the period of the lease.

h) Changes in accounting policy

THO 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.

The following changes in accounting policy have been applied by THO for the first time in the current period:

Change in recognition point for deferred income policy (see note 14). This is not related to a change in accounting standards.

i) Standards issued but not yet effective

THO has also reviewed any 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 do not anticipate that any new or amended accounting policies will have any impact on THO's financial statements.

j) Provisions

Provisions are recognised in line with IAS 37. Provision has been made for estimated liabilities arising in respect of building dilapidations on the premises THO currently occupy; further detail can be found in note 10.

Notes to the financial statements for the year ended 31 March 2016

2a. Administrative expenses

	2015 - 2016 £'000	2014 - 2015 £'000
Accommodation	452	412
Training and recruitment	181	195
Office running costs	211	217
Depreciation and amortisation	167	182
Consultancy	-	13
Information Technology	135	186
Sector Development	73	153
ARAC remuneration	6	9
NAO audit fees	31	29
Other professional fees	90	54
Internal audit fees	27	23
Travel and subsistence	11	15
External dispute resolution legal advice	22	-
Health scheme	16	11
Professional subscriptions and welfare	15	8
	<u>1,437</u>	<u>1,507</u>

No remuneration was paid to the external auditors for non-audit work in 2015-16 (2014-15: nil).

2b. Staff costs

	Permanent staff £'000	Temporary staff £'000	2015 - 2016 Total £'000	2014 - 2015 Total £'000
Wages and salaries	2,077	491	2,568	2,433
Social security costs	195	-	195	183
Pension service costs	489	-	489	319
Redundancy costs	130	-	130	-
	<u>2,891</u>	<u>491</u>	<u>3,382</u>	<u>2,935</u>

3. Interest receivable/ (payable)

	2015 - 2016 £'000	2014 - 2015 £'000
Bank and other interest receivable	32	24
Interest cost on pension obligation	(364)	(385)
Interest on pension scheme assets	295	338
	<u>(37)</u>	<u>(23)</u>

4. Taxation

The Ombudsman, with certain provisos, is only subject to tax on its interest received.

The tax assessed for the period is the standard rate of corporation tax in the United Kingdom 20%

	2015 - 2016 £'000	2014 - 2015 £'000
Interest received before corporation tax	32	24
Tax on interest received	<u>6</u>	<u>5</u>

Notes to the financial statements for the year ended 31 March 2016

5. Property, plant and equipment

	Leasehold Improvements Fixtures and Fittings £'000	Information Technology £'000	Office Equipment £'000	Total £'000
Cost				
As at 1 April 2015	257	242	64	563
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31 March 2016	257	242	64	563
Depreciation				
As at 1 April 2015	190	152	32	374
Charge for the year	49	32	4	85
Disposals	-	-	-	-
As at 31 March 2016	239	184	36	459
Net book value:				
As at 31 March 2016	18	58	28	104

	Leasehold Improvements Fixtures and Fittings £'000	Information Technology £'000	Office Equipment £'000	Total £'000
Cost				
As at 1 April 2014	257	242	64	563
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31 March 2015	257	242	64	563
Depreciation				
As at 1 April 2014	141	109	26	276
Charge for the year	49	43	6	98
Disposals	-	-	-	-
As at 31 March 2015	190	152	32	374
Net book value:				
As at 31 March 2015	67	90	32	189

All assets were owned by THO.

Notes to the financial statements for the year ended 31 March 2016

6. Intangible assets

	Computer Software £'000	Website £'000	Total £'000
Cost			
As at 1 April 2015	338	132	470
Additions	28		28
Disposals	-	-	-
As at 31 March 2016	<u>366</u>	<u>132</u>	<u>498</u>
Amortisation			
As at 1 April 2015	234	90	324
Charge for the year	40	42	82
Disposals	-	-	-
As at 31 March 2016	<u>274</u>	<u>132</u>	<u>406</u>
Net book value:			
As at 31 March 2016	<u>92</u>	<u>-</u>	<u>92</u>

	Computer Software £'000	Website £'000	Total £'000
Cost			
As at 1 April 2014	314	132	446
Additions	24	-	24
Disposals	-	-	-
As at 31 March 2015	<u>338</u>	<u>132</u>	<u>470</u>
Amortisation			
As at 1 April 2014	192	46	238
Charge for the year	42	44	86
Disposals	-	-	-
As at 31 March 2015	<u>234</u>	<u>90</u>	<u>324</u>
Net book value:			
As at 31 March 2015	<u>104</u>	<u>42</u>	<u>146</u>

All assets were owned by THO.

Notes to the financial statements for the year ended 31 March 2016

7. Trade receivables and other current assets

	31.03.2016 £'000	Restated 31.03.2015 £'000	Restated 01.04.2014 £'000
Subscriptions	36	1	5
Staff loans	13	18	21
Prepayments	110	180	149
Other receivables	6	-	-
	<u>165</u>	<u>199</u>	<u>175</u>

8. Cash and cash equivalents

	Notes	31.03.2016 £'000	31.03.2015 £'000
Cash on hand and balances with bank		1,489	1,290
Short term deposits		<u>2,300</u>	<u>2,850</u>
		<u>3,789</u>	<u>4,140</u>
Longer-Term Investments held	1e	<u>-</u>	<u>-</u>
		<u>3,789</u>	<u>4,140</u>

All balances are held with a commercial bank.

9. Trade payables and other current liabilities

	31.03.2016 £'000	Restated 31.03.2015 £'000	Restated 01.04.2014 £'000
Subscriptions in advance	-	550	62
Trade payables	97	65	113
Other payables	60	44	-
Tax & NI payables	63	53	-
Accruals	204	245	194
	<u>424</u>	<u>957</u>	<u>369</u>

Notes to the financial statements for the year ended 31 March 2016

10. Provisions

	Building Dilapidations £'000	Total £'000
As at 1 April 2015	-	-
Additions	38	38
Amounts charged against the provision	-	-
Unused amounts reversed	-	-
Unwinding of discount	-	-
As at 31 March 2016	38	38

Amounts above are disclosed as follows:

Current Liabilities	38
Non-Current Liabilities	-
	<u>38</u>

Provision has been made for estimated liabilities arising in respect of building dilapidations on the premises THO currently occupy. This relates to the agreement by THO to return the building to its original state when the lease expires on 6 August 2016.

11. Operating leases

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

	£'000	£'000	2015 - 2016 £'000	2014 - 2015 £'000
	Buildings	Other	Total	Total
Within one year	91	10	101	270
Within two to five years	-	1	1	102
After five years	-	-	-	-
	<u>91</u>	<u>11</u>	<u>102</u>	<u>372</u>

The lease on THO's current premises expires on 6 August 2016.

12. Financial instruments

THO 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 THO's activities and manage its working capital requirements.

The existence of these financial instruments exposes THO 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.

Notes to the financial statements for the year ended 31 March 2016

Credit risk

THO 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 Accounting Officer considers that all of the financial assets that are not impaired for the reporting dates under review 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

THO's business model, with subscription fees falling due annually in April 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

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

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

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

13. Related parties

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

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

The Ombudsman, senior management and ARAC members are considered related parties and have not undertaken any material transactions with THO during the year. The Remuneration Report contains details of the compensation payment made to a former member of senior management.

Notes to the financial statements for the year ended 31 March 2016

14. Change in accounting policy

The accounting policy in respect of income has been amended to exclude the recognition of deferred income except where the cash has been received prior to year-end. This change allows THO to align its treatment of deferred income better with IAS 18 – Revenue. There is no overall net impact on the Statement of Financial Position as a result of this change in accounting policy.

THO has restated prior periods in respect of this amendment. A summary of the impact on the financial statements is set out below:

	31/3/2015 As published	Deferred income adjustment	31/3/2015 Restated	1/4/2014 As published	Deferred income adjustment	1/4/2014 Restated
	£'000	£'000	£'000	£'000	£'000	£'000
Current assets						
Trade receivables and other current assets	4,360	(4,161)	199	4,945	(4,770)	175
Cash and cash equivalents	4,140		4,140	1,057		1,057
Investments				2,000		2,000
	-					
Total current assets	8,500	(4,161)	4,339	8,002	(4,770)	3,232
Current liabilities						
Trade payables and other current liabilities	5,118	(4,161)	957	5,139	(4,770)	369
Current tax liabilities	4		4	5		5
Total current liabilities	5,122	(4,161)	961	5,144	(4,770)	374
Net current assets	3,378		3,378	2,858		2,858

Notes to the financial statements for the year ended 31 March 2016

15. Pension

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 (as subsequently amended). THO pays different contribution rates compared to other employers participating in the Fund, reflecting differences in the Corporation Sole's demographic profile and experience 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, contributions paid to the fund and benefit payments.

The actuarial valuation of the Fund at 31 March 2016 for IAS19 purposes calculated the accumulated net liability relating to THO to be £1,824,000 (2015 : £2,188,000).

Following the 2013 triennial review the actuary recommended that the Corporation Sole's contribution rate of pensionable salaries is as follows:

Year Ended 31 March	Contribution Rate %
2015	25%
2016	25%
2017	25%

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

Contributions are set every three years as a result of the triennial review required by the Regulations. Work is in progress for the 31 March 2016 triennial review which will set contributions for the period from 1 April 2017 to 31 March 2020. 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.

The main reason behind the decrease in THO's liability to the pension fund is due to the change in financial assumptions due to the reduction in bond yields in the year ended 31 March 2016. Results under the IAS19 reporting standard can change dramatically depending on market conditions. Liabilities are linked to yields on AA rated corporate bonds whereas the majority of the assets of the Fund are invested in equities. This will lead to volatility in the net pension liability on the Statement of Financial Position and the actuarial gains or losses in the Statement of Comprehensive Income.

The choice of assumptions is the responsibility of the Accounting Officer 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.

Notes to the financial statements for the year ended 31 March 2016

15. Pension (continued)

The principal assumptions used by the actuary were:

	At 31.03.16	At 31.03.15	At 31.03.14	At 31.03.13	At 31.03.12
	%	%	%	%	%
RPI Inflation	3.4%	3.3%	3.7%	3.4%	3.6%
CPI Inflation	2.5%	2.5%	2.9%	2.6%	2.6%
Rate of increase in salaries	4.3%	4.3%	4.7%	4.8%	5.1%
Rate of increase of pensions in payment/deferred pensions	2.5%	2.5%	2.9%	2.6%	2.6%
Discount rate	3.8%	3.4%	4.5%	4.7%	5.8%
Life Expectancy from Age 65 (years)					
- Retiring Today					
- Males	22.1	22.1	22.0	22.5	22.4
- Females	25.3	25.2	25.1	24.6	24.5
- Retiring in 20 years					
- Males	24.4	24.2	24.1	24.3	24.2
- Females	27.7	27.6	27.4	26.6	26.5

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

	Value at 31.03.16 £'000	Value at 31.03.15 £'000
Equities	6,321	6,554
Property	860	724
Government Bonds	219	143
Corporate Bonds	1,128	1,058
Cash	171	110
Other	-	-
Total assets	8,699	8,589

THO 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 2016.

a) Analysis of amounts charged to the operating deficit

	2015-2016 £'000	2014-2015 £'000
Service cost	530	318
Administration cost	6	6
Total	536	324

b) Net finance charge on pension scheme

	2015-2016 £'000	2014-2015 £'000
Net interest charge on the defined liability	69	47

Notes to the financial statements for the year ended 31 March 2016

15. Pension (continued)

c) Re-measurements in other comprehensive income

	2015-2016 £'000	2014-2015 £'000
Return on plan assets in excess of interest	(331)	505
Other actuarial gains/(losses) on assets	-	-
Change in financial assumptions	837	(1,470)
Change in demographic assumptions	-	-
Experience gain/(loss) on defined benefit obligation	-	-
Changes in effect of asset ceiling	-	-
Actuarial (loss) gain recognised	506	(965)

d) Changes in the present value of liabilities during the period

	2015-2016 £'000	2014-2015 £'000
Opening present value of liabilities	(10,777)	(8,516)
Current service cost	(418)	(318)
Interest cost	(364)	(385)
Changes in financial assumptions	837	(1,470)
Changes in demographic assumptions	-	-
Experience gain/(loss) on defined benefit obligation	-	-
Estimated benefits paid net of transfers in	444	40
Past service costs, including curtailment	(112)	-
Contributions by Scheme participants	(133)	(128)
Closing present value of liabilities	(10,523)	(10,777)

e) Changes in the fair value of scheme assets during the accounting period

	2015-2016 2015-2016 £'000	2014-2015 2014-2015 £'000
Opening fair value of scheme assets	8,589	7,282
Interest on assets	295	338
Return on assets less interest	(331)	505
Other actuarial gains/(losses)	-	-
Administration expenses	(6)	(6)
Contributions by employer	463	382
Contributions by Scheme participants	133	128
Benefits paid	(444)	(40)
Closing present value of scheme assets	8,699	8,589

Notes to the financial statements for the year ended 31 March 2016

15. Pension (continued)

f) Movements in deficit during the year	31.03.2016 £'000	31.03.2015 £'000
Deficit in scheme at beginning of the year	(2,188)	(1,234)
Movement in year:		
Past and Current service cost	(530)	(318)
Net interest cost	(69)	(47)
Change in financial assumptions	837	(1,470)
Change in demographic assumptions	-	-
Experience gain/(loss) on defined benefit obligation	-	-
Return on assets	(331)	505
Settlements and Curtailments	-	-
Other actuarial gains/(losses)	-	-
Administration expenses	(6)	(6)
Contributions by employer	463	382
Closing present value of scheme liabilities	(1,824)	(2,188)

The projected pension expense in regard to the year ending 31 March 2017 is expected to be £415,000.

g) Reconciliation of funded status to Statement of Financial Position

	Value as at 31.03.16 £'000	Value as at 31.03.15 £'000	Value as at 31.03.14 £'000	Value as at 31.03.13 £'000	Value as at 31.03.12 £'000
Fair value of assets	8,699	8,589	7,282	6,198	4,830
Present value of funded defined benefit obligation	(10,523)	(10,777)	(8,516)	(8,354)	(7,630)
Unrecognised actuarial (gain)/loss		-	-	-	-
Unrecognised past service cost		-	-	-	-
Asset/(liability) recognised on the balance sheet	(1824)	(2,188)	(1,234)	(2,156)	(2,800)

h) Sensitivity analysis

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	10,311	10,523	10,740
Projected Service Cost	363	371	380
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	10,551	10,523	10,493
Projected Service Cost	371	371	371
Adjustment to pension increase and deferred revaluation	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	10,714	10,523	10,336
Projected Service Cost	380	371	363
Adjustment to life expectancy assumption	+1 Year	None	-1 Year
Present Value of Total Obligation	10,837	10,523	10,218
Projected Service Cost	380	371	362

Notes to the financial statements for the year ended 31 March 2016

16. Events after the reporting period

The certified accounts were authorised for issue by the Accounting Officer and Ombudsman on 6 July 2016.

The result of the referendum on 23 June was in favour of the UK leaving the European Union. This is a non-adjusting event. In the context of THO's accounts, management consider the main balance which may be affected by the result of the EU referendum to be pension assets. A reasonable estimate of the financial effect of this event cannot be made.

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