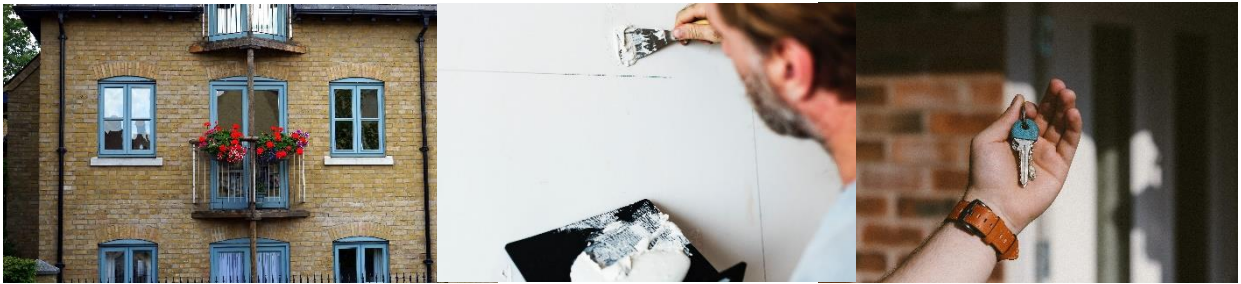


# Housing

Ombudsman Service

## The Housing Ombudsman



## Annual Report and Accounts 2019-20

HC 722



# The Housing Ombudsman

## Annual Report and Accounts 2019-20

Presented to Parliament pursuant to the Government  
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Order 2017

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# Annual Report and Accounts 2019-20

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# Ombudsman's foreword

Inevitably the Covid-19 outbreak, which came at the end of the financial year, continues to have a profound impact on our work and lives.



It is to the considerable credit of my team that we were able to operate a full service from the start of the crisis and continue to do so as landlords now remobilise. This includes our helpline and dispute support service as well as progressing investigations where we can. Alongside this we have undertaken extensive engagement with our member landlords to understand their service provision. Our transition to remote working did not impact our end of year performance and indeed this year we report our best performance against targets in recent times.

Our service will be even more important as we move forward and we remain committed to delivering our plans to expand and change the service, ensuring the Ombudsman is integral to a healthier housing system.

The Ombudsman has a unique opportunity to promote positive change in the sector as well as addressing the imbalance of power between the resident and landlord. Its core focus will always be resolving individual disputes; but the power of that casework should have an impact beyond the individual resident. This vision is at the heart of the reforms to the service which commenced during the year and will continue over the remainder of the 2019-22 strategic plan period.

Prior to Covid-19, there were two core areas of focus during the year. The first was to improve our performance and the second gearing-up for significant growth and change to our service. On performance, this was a successful year. Our average determination rate for formal investigations was below six months, the first time the target has been achieved. The Ombudsman made 2,617 orders and recommendations to put things right and improve residents' lives. Whilst the speed of decision-making matters, it is not the only measure of success. The service met or exceeded all of its performance indicators, including no casework over 12 months old and maintaining or improving customer satisfaction. This is a significant achievement.

We also took important steps towards making the service more open, transparent and accessible. There is much more to do but we have made some lasting changes. The first Insight Reports were published which will provide 'real time' data on complaints four times a year, alongside notable cases with sector-wide lessons. We intend to accompany these reports with engagement events around the country with

landlords and residents. We also increased our sector engagement and our activities with the Regulator of Social Housing to communicate our work together.

The other focus during the year was planning for a new operating model to increase our efficiency, improve the customer experience and provide a comprehensive Ombudsman service. This included consulting on revisions to our Scheme, which governs our decisions, and an increase to our subscription rate for the remainder of this corporate plan period. The new Scheme will strengthen the Ombudsman's powers allowing us, for example, to conduct systemic investigations, require landlords to increase awareness of our service and produce a complaint handling code. Following public consultation, these proposals were agreed by the Secretary of State alongside an increased subscription rate of £2.16 per home to support the new operating model.

We also launched trial teams to develop aspects of our new model and commenced transition towards the end of the financial year. These changes will raise standards and strengthen services for the benefit of residents.

There is real momentum behind these reforms which will continue despite Covid-19 – and none of which would be possible without the dedication and contribution of my talented team.

**Richard Blakeway**  
**Housing Ombudsman**

# Performance report

## Who we are

### Senior Leadership Team

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

Richard Blakeway, Housing Ombudsman and Accounting Officer

- *Richard was appointed Housing Ombudsman from 1 September 2019*

- *Andrea Keenoy was Interim Housing Ombudsman up to 31 August 2019*

Andrea Keenoy, Interim Chief Operating Officer (*from 1 September 2019 and permanently appointed from 1 July 2020*)

Emma Foxall, Deputy Ombudsman

Roz D'Cruz, Interim Director of Finance and Corporate Services

Joyce Adu, Director of Dispute Resolution

Jennifer Ryans, Head of Dispute Resolution (*from 11 November 2019*)

Tracey Hindley, Head of HR

Jackie Feeney, Communications Manager

### Audit and Risk Assurance Committee

The Ombudsman is assisted by an Audit and Risk Assurance Committee that is independent of the Ombudsman and their executive team. The committee provides independent assurance on the adequacy of the risk management framework, the internal control environment, governance processes and the integrity of financial reporting. It oversees the work of both internal and external audit, and makes an important contribution to ensuring that effective assurance arrangements are in place.

- Sue Harvey, Chair
- David Horne, Member
- Christina Coker, Member
- Simon Sweetinburgh, Member



## Panel of Advisors

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

### **Resident representatives:**

- Frank Chersky
- Elizabeth O'Hara
- Phil Morgan

### **Landlord representatives:**

- Sarah Thomas
- Cllr Paul Smith
- Kevin Williamson

### **ARAC representatives:**

- Sue Harvey
- David Horne

## What we do

### Our role

The Housing Ombudsman makes the final decision on disputes between residents and member landlords. Our decisions are independent, impartial and fair. The Ombudsman also supports effective landlord-tenant dispute resolution by others, including landlords themselves, and promotes positive change in the housing sector.

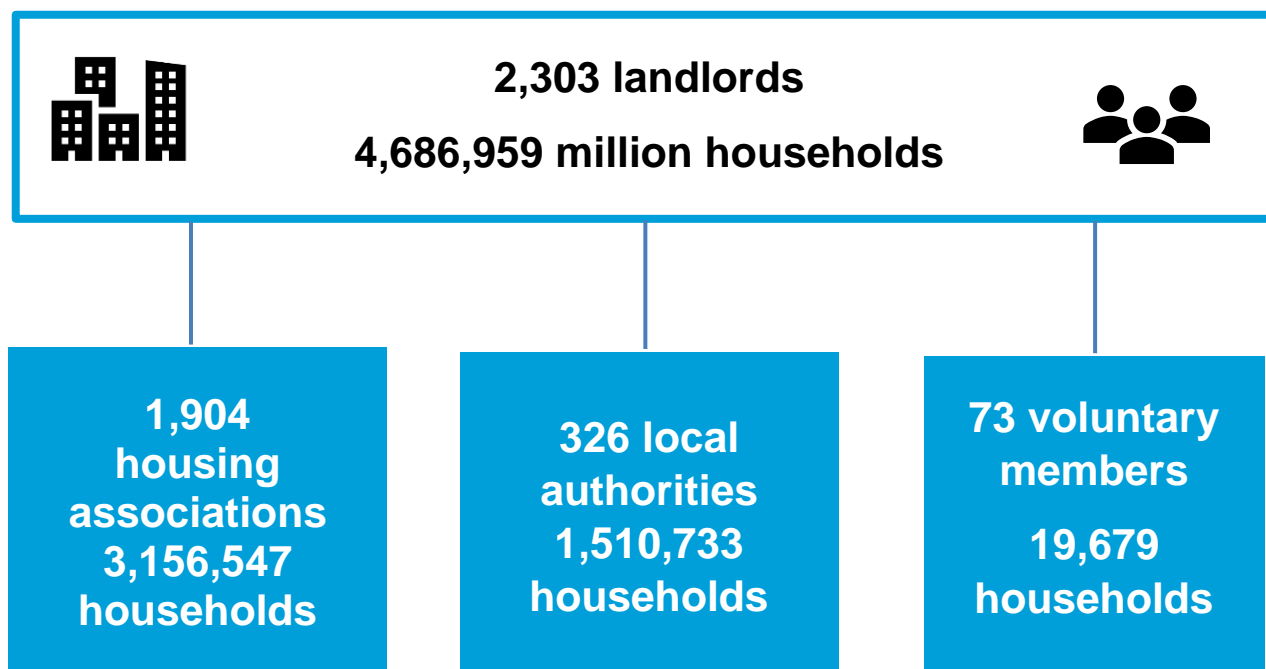
Our service is free to the 4.7 million households eligible to use it.

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

### Our membership

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

#### *Membership as at 31 March 2020*



The Scheme is funded by subscriptions from members and is paid on a per housing unit basis.

## Our vision

Improving residents' lives and landlords' services through housing complaints

## Our strategic objectives

1. Deliver a fair and impartial service, resolving complaints at the earliest opportunity
2. Promote positive change in the sector
3. Provide a service that is professional, accessible and simple to use
4. Ensure our service is open and transparent

## Our core values

- ▶ **Fairness:** We are independent and impartial; we take time to listen carefully and to understand the evidence
- ▶ **Learning:** We share knowledge and insights to maximise our impact and improve services
- ▶ **Openness:** We are accessible and accountable; we publish information on our performance and decisions
- ▶ **Excellence:** We work together to provide an efficient, high-quality service

## Our process

Over the year we have been developing a new, more efficient operating model for dispute resolution with the aim of increasing our efficiency, improving the customer experience and raising standards.

We launched trial teams to develop aspects of our new model and commenced transition towards the end of the financial year. These changes will strengthen our service for the benefit of residents and landlords alike.

## New process



For the purposes of this report, the data and descriptions are based on the previous process set out below:

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

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

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

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

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

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

This dispute resolution policy and process is based on our **dispute resolution principles**:

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

## Performance overview

This overview summarises our performance in-year, both operational and financial, as well as the issues and risks we face in delivering our objectives in 2020-21.

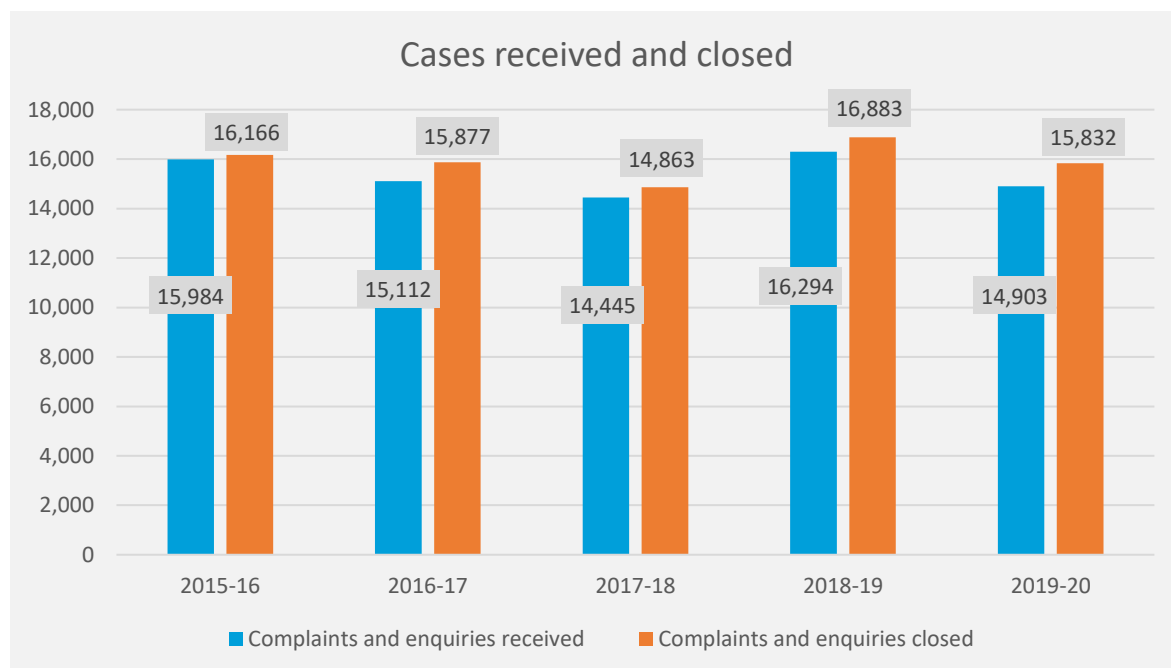
### Key performance indicators

Our performance over the year has been strong. We are pleased to report that we met or exceeded all of our casework performance indicators including, for the first time, our target on average determination case times. We delivered an average across the year of 5.8 months against the target of six months, the fastest rate in recent years which is a significant achievement, with no cases over 12 months old at the point of determination. At the same time, we continued to exceed our customer feedback targets and achieved high levels of compliance with the Ombudsman's orders.

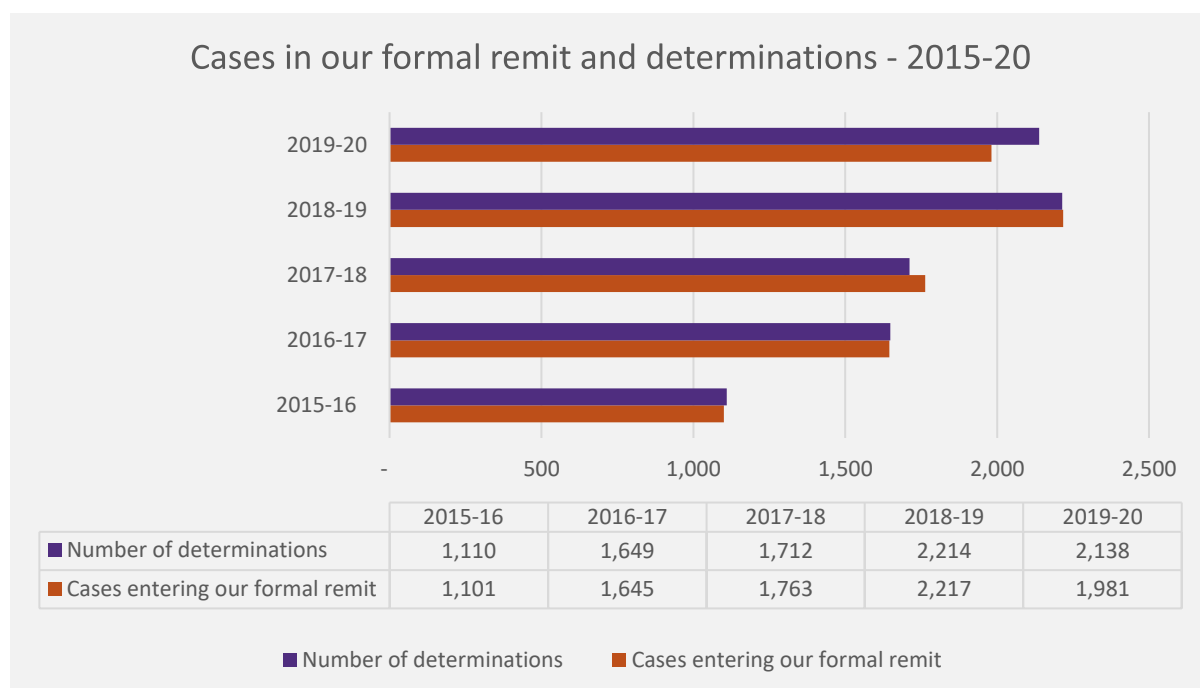
KPI: Casework	Target	Actual	Achieved
99% of cases will be determined within 12 months	99%	100%	✓
Average time for determinations within our formal remit will be below six months	6 months	5.8 months	✓
95% level of compliance with our orders within three months	95%	95%	✓
99% compliance with our orders within six months	99%	99%	✓
80% of cases closed without a formal investigation	80%	80%	✓
<i>Customer feedback</i>			
'Did we treat you well?' at local resolution stage	80%	89%	✓
'Did we help?' at local resolution stage	65%	75%	✓
'Did we treat you well?' at formal resolution stage	80%	84%	✓
'Did we help?' at formal resolution stage	65%	72%	✓

## Volumes of enquiries and complaints

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



Over each of the last five years we have consistently closed more cases than the number received. In 2019-20, the volume of enquiries and complaints received was 9% lower than in the previous year, however, there was an exceptional increase in 2018-19 and figures now reported are more in line with the volumes reported in 2017-18 and earlier.

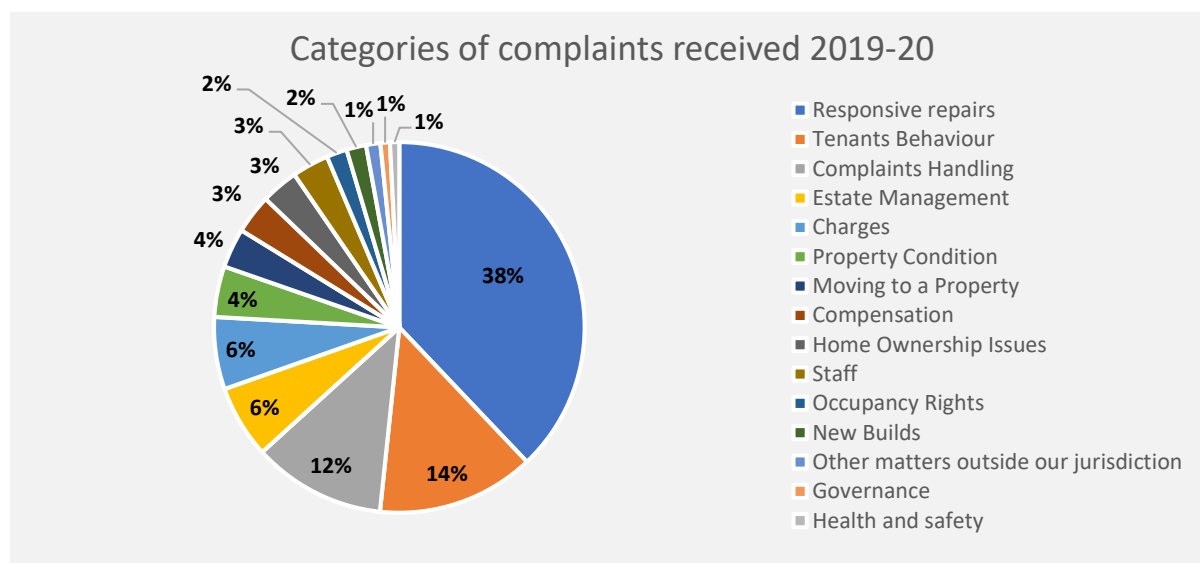


Cases in our formal remit are the most resource intensive part of our dispute resolution process due to their complexity and the time required to investigate.

In 2019-20 we determined more cases than the number entering our formal remit for the first time in three years. The number of cases entering our formal remit at 1,981 is slightly less than the number in 2018-19 at 2,217 but the prior year had been an increase of 26% from 2016-17. It is still a significant increase compared to the previous three years, at 80% compared to 2015-16.

### Types of complaints

Responsive repairs continues to be the largest category of complaint received at 38% of the overall number in 2019-20. This compares to 39% in 2018-19. Other categories are broadly in line with last year.



### Determination outcomes

We issue determinations on all cases that enter our formal remit. In 2019-20 we determined 2,138 cases, a very slight decrease from the previous year at 2,214. Cases may be resolved through early resolution, where we work with complainants and landlords to try to agree negotiated solutions within a time limited procedure, or investigated.

Where our investigation finds evidence of failure, we will make one of the following findings:

- **Maladministration** – this could be a finding of service failure, maladministration or severe maladministration, depending upon the seriousness of the failure and the impact on the resident
- **Reasonable redress** – where there is evidence of service failure or maladministration, however the landlord has identified and acknowledged this. It has taken steps, and/or made an offer of compensation, that puts things right.



If a number of issues are raised within one complaint, we will investigate and make a finding for each issue. This may mean that there is **partial maladministration**, where maladministration is found in relation to one or more element of the complaint, but not all.

A finding of **no maladministration** is made where the evidence demonstrates that the landlord acted in accordance with its obligations and there is no evidence of any significant failing or detriment to residents.

The Ombudsman found full or partial maladministration in 39% of cases in 2019-20, an increase of 2% on the previous year. Although fewer complaints entered our formal remit, this increase indicates that those that did were more serious.

Determinations 2019-20	Cases	
	Number	%
Maladministration	517	24%
Partial maladministration	317	15%
No maladministration	712	33%
Early resolution	31	2%
Reasonable redress	329	15%
Withdrawn	16	1%
<b>Total determinations excluding outside jurisdiction</b>	<b>1,922</b>	<b>90%</b>
<b>Outside jurisdiction</b>	216	10%
<b>Total determinations</b>	<b>2,138</b>	<b>100%</b>

The outcomes of investigations in 2019-20 are aligned with previous years.

## Orders and recommendations

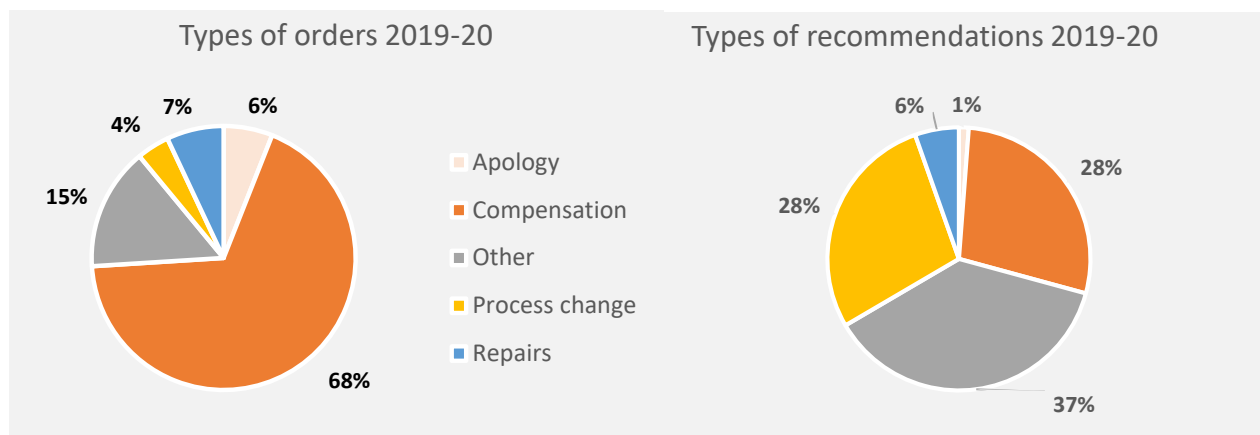
We aim to provide fair and proportionate remedies to complaints through our orders and recommendations. In 2019-20 we issued a total of 2,617 orders and recommendations to put things right, made up of 1,618 orders and 999 recommendations.

Orders are made following an investigation that makes a finding of maladministration. These may include:

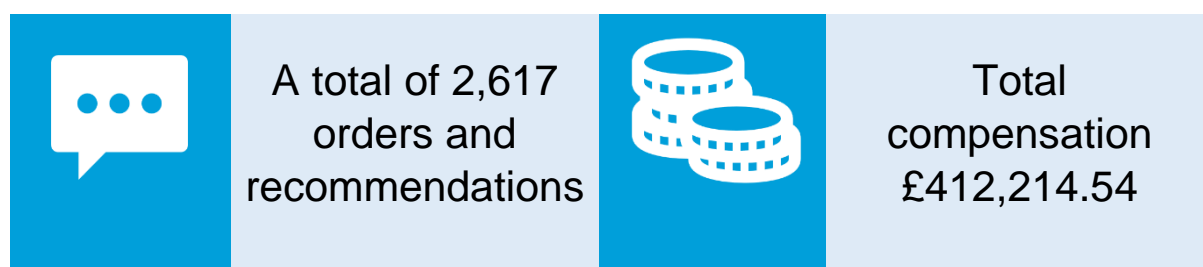
- ensuring that repairs are done
- providing individual redress for complainants, for example, an apology is made or compensation is paid by the landlord
- taking action to prevent reoccurrence such as requiring changes to landlords' policies and procedures to improve services for all residents.

Recommendations can be used where no maladministration or service failure has been identified, but the investigation has highlighted opportunities for service improvement.

The types of orders and recommendations are shown in the charts below:



The compensation we ordered landlords to pay totalled £412,214.54 across the year.

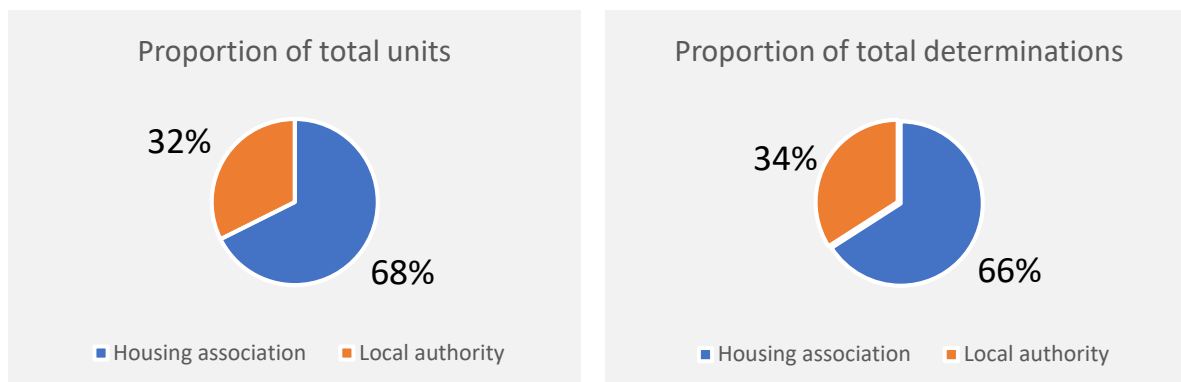


## Tenure of complainants

It is often assumed that the Housing Ombudsman only works with tenants but, in 2019-20, 12% of determinations concerned leaseholders. The majority were assured tenants at 41% and secured tenants at 25%.

## Landlord type

The percentage of determinations split by housing associations and local authorities shows that we determine slightly more from local housing authorities relative to the number of units they hold. The numbers of complaints for voluntary members which go through to formal determination are so small that they are excluded from the analysis.



## Responding to current issues

The policy framework for housing redress, particularly in relation to social housing, continues to evolve and the Housing Ombudsman is playing an active role in this changing landscape.

We agreed a revised Housing Ombudsman Scheme, approved by the Secretary of State, giving us significantly increased powers in several areas including: the ability for us to set up a complaint handling code, to issue ‘failure orders’ where landlords do not comply with membership obligations, for example progressing complaints, and to conduct a systemic investigation beyond an individual complaint or landlord. The changes to the Scheme were subject to consultation with landlords and residents and we are now preparing for their introduction.

These changes will also lead to a closer working relationship between the Housing Ombudsman Service and the Regulator for Social Housing. Both organisations are working together to communicate their roles to residents and landlords, which included hosting a joint seminar for landlords in January 2020.

We continue to work with the Government on wider changes to housing redress. These include plans for the creation of the Building Safety Regulator and a New Homes Ombudsman as set out in the draft Building Safety Bill. Both of these new bodies will need to work closely with the Housing Ombudsman given our jurisdiction. We also welcomed the proposed removal of the democratic filter contained in this draft Bill which would allow residents direct access to our service. We have been active members of the Government-led Redress Reform Working Group and plans to create a new Housing Complaints Resolution Service to provide a single point of access for all the current redress schemes in housing.

## Key activities

In 2019-20, a key focus was our change programme to develop a new more efficient operating model and provide a comprehensive Ombudsman service. Led and developed by colleagues, we set up trial teams to introduce new, more efficient ways of working at the different stages of dispute resolution with the aim of providing faster and effective redress for the benefit of our customers.

These changes include a separate team to deal with complaints within the landlord's process, triaging cases prior to formal investigation and specialist mediation support. In addition we will create a new team to conduct systemic investigations, introduce a new framework to monitor the quality of our decision-making and expand our work to promote positive change in the housing sector. Transition to the new model got underway in March 2020 following non-statutory consultations with all colleagues.

These changes are supported by revisions to the Housing Ombudsman Scheme giving us strengthened powers to require landlords to increase awareness of our service, to support consistent complaint handling practice across landlords with a new code and enable us to conduct systemic investigations.

Towards the end of 2019, we carried out a consultation exercise with the sector on the proposed changes to the Housing Ombudsman Scheme as well as our Business Plan for 2020-21. Both received strong support and we received approval from the Secretary of State in February 2020.

Following his appointment as Housing Ombudsman in September 2019, Richard Blakeway undertook a programme of engagement with key stakeholders – including trade bodies, resident bodies, some individual landlords, government officials and other Ombudsmen – to help raise the profile of the service, seek feedback on areas for service improvement and identify opportunities for collaborative working.

Sharing more knowledge and learning from our casework has been a consistent theme and, in January 2020, we launched the first in a new series of reports providing insight into our complaints data as well as individual complaints. This Insight Report provided complaints data on the first six months of 2019-20, featured the real-life experiences of five residents in case studies and highlighted learning points.

## Financial analysis and going concern

In line with our 2017-18 commitment to maintain a flat subscription rate for three years, the per unit charge in 2019-20 was £1.25. At the same time, we budgeted for increased expenditure to deliver a better and faster service, by utilising our excess reserves. Consequently, the Statement of Comprehensive Income shows an expected operating deficit, reported at £817,000.

The increased expenditure was used to fund additional staff resources to help us deliver, and exceed, our annual average determination case time target of six months or less. We also procured case preparation support to speed up investigation times, and this is reflected in increased expenditure reported in the dispute resolution line.

Other areas of significant variance are IT expenditure and first contact services. Within IT we incurred revenue costs in configuring our new finance system, hosted and provided by the software suppliers, which will replace our various separate legacy systems. We also moved our IT applications to UK hosting and purchased new licences to increase caseworker efficiency. Our first contact service costs reduced as the dual running to support supplier changeover in 2018-19 was not replicated.

The most material balance is the pension liability which has decreased by 42%. The pension valuation is performed in accordance with IAS 19 and the result will fluctuate each year as it is very sensitive to changes in the underlying assumptions (for more information see note 14 to the accounts).

We have a letter of comfort from the Ministry for Housing, Communities and Local Government (MHCLG) which confirms it would make sufficient resources available to us should we not be able to meet our pension liabilities as they fall due.

The financial statements in this Annual Report have been prepared on a going concern basis. The appropriateness of the going concern basis of accounts preparation was assessed by the Senior Leadership Team (SLT) and included a review of membership income to date, given the potential impact of Covid-19 on the promptness of payments, and cashflow forecasts for the next 12 months. As subscriptions are a mandatory payment and receipts are slightly ahead of the budgeted profile, SLT concluded that there are no material uncertainties related to events or conditions that may cast significant doubt over our ability to continue as a going concern.

## Looking forward

The next 12 months will be a period of significant change for the Housing Ombudsman Service. At the end of the year, Covid-19 meant a rapid change to remote working. We transitioned without any interruption to our service thanks to strong business continuity arrangements. In the early part of 2020-21, we issued guidance to landlords and residents about our expectations for complaint handling during this period and have updated this as Government guidance has evolved. We started preparing for landlord remobilisation following the easing of restrictions.

One immediate impact of the pandemic was our decision to push back implementation of our new Scheme to September 2020 to allow sufficient time for awareness raising with landlords on our complaint handling code and new power to issue complaint handling failure orders.

We intend introducing our new operating model in full during 2020-21. The introduction of the new operating model is highly dependent on successful recruitment to support expanded dispute resolution and corporate services teams. The early approval of our increased subscription rate allowed us to start internal recruitment in March 2020, however, a significant risk remains on our ability to fill all vacant roles through external recruitment and successfully induct new starters while operational restrictions remain in force. This risk has not materialised for recruitment activity to date.

The ability to recruit will also affect our other most significant risk – that of failing to reduce our determination times further to an average of 4-5 months. Plans are in place to help us achieve this. They covered the lockdown period and continue into transition to our new operating model, and include building up the capacity of our flexible bank of adjudicators and procuring additional casework support.

We are also determined that the speed of our decision-making is matched by its quality. A stretching KPI is proposed that at least 95% of our casework should be quality assured as acceptable or higher with a number of changes to support this, ahead of publishing all determinations by the end of 2020-21.

As well as publishing all determinations, other measures will be introduced to make the service more open and transparent, including publishing complaint handling performance reports for every landlord that is a member of the Scheme and increasing the frequency of Insight Reports from six-monthly to quarterly.

## Performance analysis

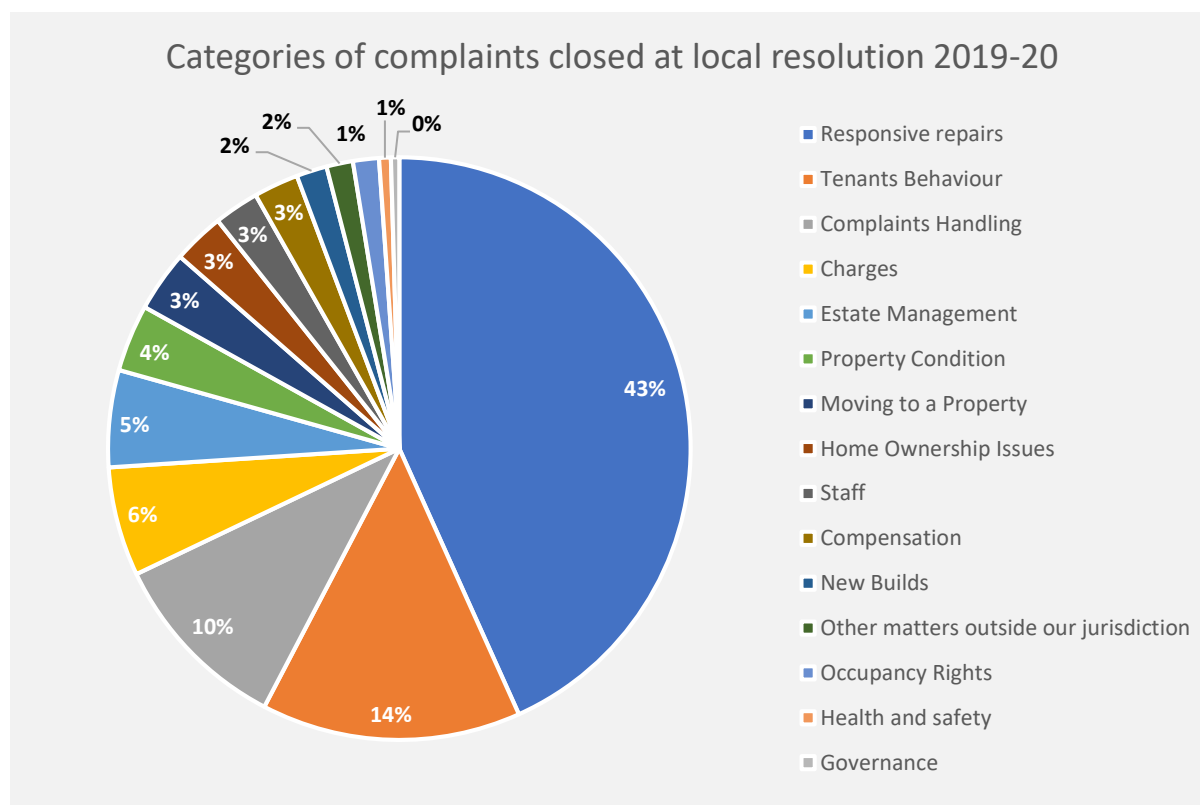
### SO1: Deliver a fair and impartial service, resolving complaints at the earliest opportunity

#### Supporting greater local resolution of complaints

As an Ombudsman, fairness and impartiality go to the heart of what we do. While we share this common purpose with other Ombudsman schemes, our remit is distinct as we can work with residents and member landlords to support the resolution of complaints while they are within the landlord’s complaints procedure. When something goes wrong it is important that it is put right as soon as possible to avoid negative consequences, and to reduce the stress and frustration residents feel living with an issue every day.

In 2019-20, 7,881 complaints were closed at this local resolution stage, compared to 6,706 in 2018-19, an increase of 18%.

The majority of closed cases related to repairs as set out in the chart below.



We met the target for 80% of complaints to be closed without a formal investigation.

In 2019-20, a key focus during the year was planning for a new process to improve the customer experience at all stages of complaint handling. We set up trial teams to explore new ways of working and agreed a new operating model that we started to implement at the end of the year.

For complaints still within the landlord's complaints process we agreed a model to support greater resolution of complaints at this stage. It makes our role clearer which is to:

- help residents by ensuring they have the information they need to pursue their complaints effectively with their landlord
- provide information relevant to the specific issue at the time rather than large amounts of information about our processes
- focus communication with landlords on outcomes rather than processes
- help both parties engage when there is a breakdown in communication.

While the trial teams work was ongoing we slightly increased our average headcount for caseworkers who deal with complaints at this stage. The average across the year was 16.9 compared to 16 the previous year, while the volume of complaints received that they dealt with increased by 21%.

We were pleased to receive strong support for our proposed changes to the Housing Ombudsman Scheme when we consulted with the sector. It clarifies that residents can contact our service at any point, and we do not require the landlord's complaints procedure to be completed before we can help. A new power will strengthen our role at this stage by enabling us to issue a finding of complaint handling failure if a complaint is failing to progress within the landlord's complaints process, and we can order the landlord to resolve it.

### Enable faster access to redress once a complaint enters our formal remit for investigation

In 2019-20, for the first time, we succeeded in meeting our target on average case times for determinations on complaints in our formal remit. The average was 5.8 months, below the six month target and an improvement from 6.7 months in 2018-19. In addition, 100% of cases were determined within 12 months, exceeding the target of 99% of cases.



Average case time for determinations reduced to 5.8 months - faster than our target

Following a finding of maladministration we may ask the landlord to put things right to resolve the individual complaint through an order which landlords are obliged to comply with. The level of compliance with orders has remained high. In 2019-20, 95% of orders were implemented within three months against a target of 95%, and 99% within six months, also meeting the target.





95% of orders implemented by landlord within three months - meeting our target

Our aim is to further reduce the time taken to determine cases so, as well as developing and agreeing a new operating model for supporting the local resolution of complaints, in 2019-20 we also set up a trial team to explore new ways of dealing with complaints in our formal remit. The new process has been agreed which:

- introduces triaging of cases depending on their complexity
- encourages cases to be resolved through mediation, where both parties agree to the process
- sets clear timescales for the provision of evidence to us so we can make a decision, typically 15 working days unless there are exceptional reasons
- prior to issuing determinations we will contact the parties to explain the decision so they can understand how it was made.

Additional powers agreed in the revised Housing Ombudsman Scheme during the year will support faster determination times. If evidence is not provided in a timely manner we will issue a determination based on the information available and be able to make a finding of complaint handling failure. The formal resolution trial team at times experienced significant wait times for evidence to be submitted.

Other new powers agreed will enable us to be proactive where we identify possible systemic failure and investigate issues further. We would refer concerns of potential systemic failure to a relevant body, such as the Regulator of Social Housing.

We will be introducing the revised Scheme during the coming year. The new provisions were due to take effect from July 2020 but are now planned for September 2020 due to the impact of Covid-19 on landlords. This will allow for sufficient engagement with the sector ahead of implementation.

During 2019-20 we created a new bank of adjudicators to support faster determinations. The bank provides a flexible resource that can be used to help meet demand as needed. Set up in September 2019, it had 22 members as at the end of March 2020.

## Improve the quality and consistency of our service

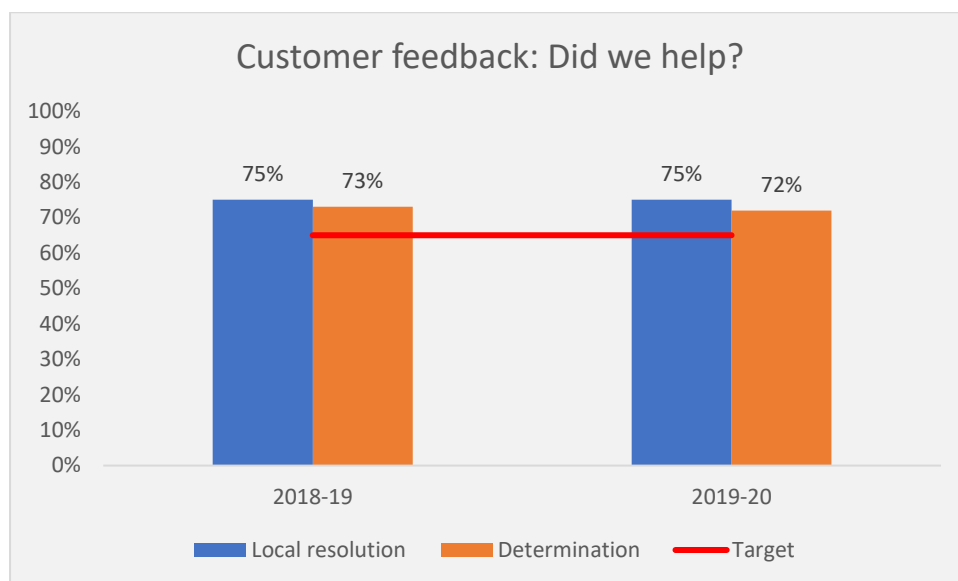
It is important that our work remains fair and impartial. Both residents and landlords must have confidence in the independence and impartiality of our dispute resolution service.

All our interactions must be of a high standard and it is vital that the quality of the decisions we make at every stage of the dispute resolution process are lawful and robust. In 2019-20 we reviewed and published our quality standards. They set out overall quality and service standards as well as specific standards related to different stages of the process.

We continued to quality assure a sample of work on a quarterly basis across all stages of our process covering enquiry, local resolution, formal resolution and review. This enables us to identify what we are doing well and areas where we need to improve. For example, we identified the need for guidance on dealing with group complaints, which is now also available on our website, and held drop-in sessions for caseworkers on specific issues as needed.

We also use customer feedback as a measure of the quality of our service. We ask a sample of landlords and residents to respond to two questions and invite comments.

In 2019-20 we maintained our scores on positive feedback to the question ‘Did we help?’ which is an indicator of the quality of our work at local resolution and decisions on cases in our formal remit. Overall, 75% of customers said we helped at local resolution and 72% at formal resolution, both exceeding the 65% targets.



The feedback from residents alone on cases in our formal remit was 51% positive which exceeds the proportion of complaints that were upheld in the resident’s favour (maladministration, partial maladministration and early resolution) at 41%. Overcoming this ‘outcome bias’ is a strong indicator of fairness and impartiality.

**Examples of comments from customers in response to the question ‘Did we help?’:**



**[Caseworker] has been really proactive, offers really good advice and keeps me going through the landlord’s complaints procedure.**

Resident



**I must say that I received an excellent service, great advice and my caseworker is very knowledgeable, professional, patient and helpful.**

Resident



**I was very pleased with how the service treated me and yes, I found the service to be extremely helpful. I greatly appreciate the thoroughness of the investigation and look forward to the orders to the landlord being completed.**

Resident



**Very helpful service and staff. Couldn’t fault anything and would recommend to anyone who has exhausted their housing’s complaint procedure and still not got anywhere.**

Resident



**The [determination] report is very detailed and very clear, and it also helps us to coach teams within the business on how to manage complaints too.**

Landlord

Promoting learning across the dispute resolution team helps to support quality and consistency. We set up a new casework library to capture and share best practice in the team. It identifies cases that demonstrate best practice covering the range of complaint categories we deal with and on various aspects of our role and jurisdiction.

We updated our casework system to enable reporting directly from the system for improved efficiency of our casework data. We are continuing to improve our reporting capabilities and changes to accommodate our new processes.

It is important to us that the decision we reach is fair. Our review process allows for our decisions to be challenged by customers when there are new facts or evidence that need to be considered, or where they have comments on the facts and evidence we have relied upon. We then look again at our decision and will make changes to ensure that the decision we make is the right one.

In 2019-20, 433 of our decisions were subject to review and 30 revised as a result, compared to 465 subject to review the previous year and 18 revised. Of the total 2,138 decisions in 2019-20, 0.8% were revised after one or both of the parties challenged the facts or evidence relied upon, and 0.7% were revised as a result of new facts or evidence being submitted.

## SO2: Promote positive change in the sector

We have decades of experience in successful dispute resolution. Our aim is to use our knowledge to promote a positive complaint handling culture across our members so that complaints are seen as opportunities to learn and improve. We also want to use our expertise to influence debates over the future of redress in social housing to get the best outcomes for landlords and residents.

### Continue to work directly with landlords and residents to improve complaint handling through a range of sector development and engagement activities

In 2019-20 we developed and agreed a new strategy for our sector development and engagement work. The three-year strategy sets out how we will work, involve and participate with a wide range of stakeholders to develop more effective and efficient complaint handling services. It focuses on the three areas of:

- Improving landlords' complaint handling and housing services
- Holding landlords to account for their complaint handling performance
- Increasing accessibility into the service.

The aim is to use insight from our local resolution work to support engagement with our landlords and develop tools for landlords and residents to self-manage complaints. In addition knowledge from our formal resolution work will help us develop thematic tools for sector wide improvement

Based on the topic of our first Spotlight report published the previous year, we worked in partnership with HQN (Housing Quality Network) to deliver a series of workshops focused on repairs. Drawing on the best practice set out in the report, the workshops aim to better equip landlords to deal with complaints about repairs. Following high demand for the workshops, a second series was organised.

We also ran workshops for three tenant panels building understanding about our role and when to signpost residents.

We seek feedback from our workshop participants. Examples of feedback during 2019-20 are:



*The trainers are very knowledgeable on the subject matters.*

*Good to share best practice and get tips from the Ombudsman.*

*I gained better insight into dealing with complaints at all stages.*



In January 2020 we published the first in a new series of reports providing insight into our complaints data and individual complaints as part of our commitment to sharing more knowledge and learning from casework.

It focused on data about the first six months of 2019-20, featured the real-life experiences of five residents in case studies and highlighted key learning points to support landlords with their complaint handling.

Feedback was positive and the plan is to publish them quarterly over the next year, tied in with engagement events around the country with landlords and residents.



In order to increase awareness of complaint handling issues among landlord senior management and boards, we started writing to the chief executives of landlords in cases where we found severe maladministration, where we had concerns about compliance with our orders and where landlords have been slow in responding to the Ombudsman.

As part of our overall change programme to provide a more efficient and effective service, we set up a project to trial a bespoke development programme with five landlords. A development programme with each landlord reviews their policies and provides feedback for improvement, delivers training, encourages take up of our online learning and videos, reviews their processes for learning from complaints and reviews their website information for residents.

By increasing our knowledge of complaints work in these landlords' settings, we will be able to focus our sector development and engagement activities where they are most effective. We are measuring improvements using baseline figures on complaint handling data as well as carrying out surveys before and after the development programmes.

## Use our knowledge to improve housing services

As part of the new sector development and engagement strategy we increased our range of online tools over the year. A new collection of videos, launched in August 2019, included eight short videos for residents and four for landlords. Aimed at supporting landlords and residents to resolve more complaints locally, they feature the Ombudsman's own casework staff as well as some residents involved in their landlord's tenant panel.

New guidance notes published on our website in January 2020 cover the key elements we would expect to see in landlords' policies including:

- Complaints policy
- Compensation policy
- Anti-social behaviour policy
- Managing unacceptable behaviour policy

Also included is guidance for landlords on responding to a complaint and a template response letter.

More content on our website led to more users, with an increase in page views of 27% over the year. A podcast planned for March 2020 was delayed due to Covid-19 and will resume when appropriate. A second 'Spotlight on' report to follow on from the repairs report is in progress, this time focused on leasehold complaints.

Work has started on a new knowledge and information management strategy to capture and share insight effectively and inform future work. We will use our knowledge and information to grow and develop our service, promoting positive change both internally and externally.

Changes set out in the revised Housing Ombudsman Scheme will support improved complaint handling. The complaint handling failure orders outlined in SO1 will give landlords oversight of where and when complaints are not being actively resolved and how frequently this is happening.

Also in the revised Scheme is the development of best practice for members in complaint handling. With input from a working group involving representation from across the sector, a new complaint handling code was drafted with the aim of achieving greater consistency across landlords' complaint procedures. It sets out the requirements that member landlords must comply with in order to respond to complaints effectively and fairly, as well as creating a positive complaint handling culture among staff and residents and using the learning from complaints to drive service improvements. The code was finalised in July 2020 following further sector engagement.

### **Influence the sector and shape the landscape**

We seek opportunities to influence the sector through platforms such as housing conferences and events and housing media by sharing insight from our work and promoting good practice.

During the Covid-19 crisis, the Ombudsman team has engaged with member landlords through several webinars with the Chartered Institute of Housing and Northern Housing Consortium, both of which attracted approximately 130 participants from around the country.

In 2019-20 the Ombudsman and other colleagues spoke at a range of events and conferences including:

- Chartered Institute of Housing (CIH) Housing Conference 2019
- Tpas National Tenant Conference
- National Federation of ALMOs (NFA) /Association of Retained Council Housing (ARCH) Chief Officers Conference
- ARCH Tenant Conference
- Social Housing Law Association Annual Conference
- Northern Housing Consortium National Resident Involvement Conference
- Westminster Insight Tenant Engagement Conference

Coverage in the housing press included articles on the Insight report published in January 2020 and changes to our service as set out in the Business Plan for 2020-21 and the revised Scheme.

We also use our knowledge and expertise to feed into the development of relevant government proposals on housing. In August 2019 we responded to the Ministry of Housing, Communities and Local Government's consultation on 'Redress for purchasers of new build homes and the New Homes Ombudsman'. Based on the experience we already have in dealing with complaints from residents in new homes owned or managed by a social landlord, we welcomed the commitment to preserve current routes to redress and agreed that the New Homes Ombudsman should only provide dispute resolution on freehold new homes built by our member landlords, where we are unable to provide redress. We highlighted the need for cooperation across redress providers and developing consistency of practice across all new builds so residents receive the same level of redress whichever route they take.

In addition, we used our own communications channels such as our website, social media and newsletter throughout the year to share learning and insight from our work as well as keeping the sector up to date with our service developments.

We continued to engage with trade bodies and representative groups in the sector, including a programme of introductory meetings with the new Ombudsman from September 2019. These covered CIH, NHF, Tpas, Taroe Trust, ARCH, NFA, Local Government Association (LGA), G15, plus other Ombudsman schemes, and they have led to invitations to attend and speak at events and conferences, plus contributing blogs and articles for websites and publications. A programme of regular engagement with key stakeholders is now in place.

## **Work effectively with the Regulator of Social Housing**

Throughout the year we have met regularly with the Regulator providing updates and insight on strategic direction and operational level. We shared information under our memorandum of understanding to provide insight on complaint handling in the form of landlord reports, but also to help form a shared understanding of presenting issues such as real estate investment trust (REITS) providers and complaints, and external events that impact the sector, for example fire safety concerns.

We consulted on changes to our Scheme and held a joint workshop exploring triggers for systemic issues and possible referral to the Regulator.

We also worked collaboratively to promote understanding of the role of each organisation and how we work together. We delivered a series of joint presentations, one for residents at the Tpas annual conference and two for chief executives and landlords.

While no formal referrals were made to the Regulator regarding non-compliance with Ombudsman orders we maintained ongoing discussions regarding those who were slow to comply or who only did so under threat of referral. From the start of 2020-21, the details of all complaints where a finding of severe maladministration is found will be shared with the regulator.

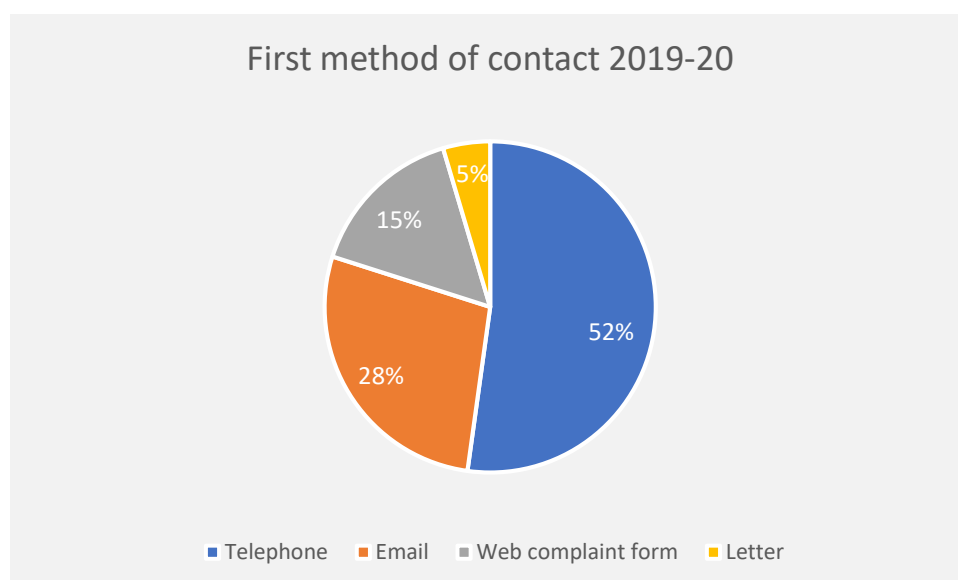


### SO3: Provide a service that is professional, accessible and simple to use

All social housing residents and landlords, as well as residents of voluntary members, should be aware of our service and able to access it in a convenient way. Once complaints have reached us, it is important that our process is straight-forward and clear, and that we provide good customer care throughout.

#### Increase access to, and the availability of, our service

We provide a wide range of ways for customers to contact us including phone, email, online and in writing. We also signpost enquirers who contact us on social media to use these routes, providing a further access point. The chart below shows that phone is still the most frequent method of making first contact with our service. It has decreased to 52% from 62% last year, while contacting us using the online complaint form has increased from 11% to 15%, and email from 22% to 28%.



We launched a series of videos for residents to increase understanding of our service, with caseworkers providing help on how to complain and explaining how to make a complaint to the Ombudsman if they remain dissatisfied.

Our plans to introduce webchat in the year were delayed as we focused our limited capacity on preparing and delivering the change programme. It will be trialled in 2020-21 and rolled out, if successful.

We participated in meetings of the government's Redress Reform Working Group, set up in 2019 to help develop the shape and function of the new Housing Complaints Resolution Service which would provide a single point of access for all the current schemes in housing that offer access to redress and alternative dispute resolution. This was part of the government's response to its consultation on 'Strengthening Consumer Redress in the Housing Market'.

We continue to analyse our demographic and geographic complaint data and take any steps needed to address disparities. Our geographic data highlighted proportionally fewer complaints from the north of England so we have worked with the Northern Housing Consortium to attend their events and plan workshops together. The demographic profile of our complainants is close to that for social housing residents as a whole.

Among the new provisions in the revised Housing Ombudsman Scheme are powers to issue complaint handling failure orders when members fail to comply with the accessibility requirements. There is also a requirement to establish and maintain a complaints procedure in accordance with Ombudsman good practice to include signposting to the Ombudsman in their complaint responses. This was set out in our new complaint handling code in July 2020.

During 2019-20 we started a process of identifying landlords that are yet to publish their internal complaints procedure on their websites. We will be contacting them over the next year to explain the Ombudsman's expectations about having an accessible internal complaints procedure and will ask them to include their procedures on their website. We also started recording landlords that do not have a website. These tend to be very small landlords, who may not have the resources to set up and maintain a website, so we will be exploring other ways in which they can make sure that their complaints procedure is accessible to their residents.

## Improve signposting to our service

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

Top five most signposted organisations		
Signposted organisation	% of all signposts	% of enquiries received
Local Government and Social Care Ombudsman	30%	9%
Shelter	19%	6%
The Property Ombudsman	19%	6%
Civil Legal Advice	10%	3%
Citizens Advice Consumer Service	8%	2%
All other organisations	14%	4%

In 2019-20 almost a third of our signposting was to the Local Government and Social Care Ombudsman (LGSCO). Leading on from initial discussions this year we will be doing joint training with the LGSCO on jurisdiction across the two services for front-line colleagues and implementing new arrangements for referring customers directly to each other's service as relevant.

This work was temporarily suspended at the end of the year due to the impact of Covid-19 and is expected to resume in the second half of the year.

We undertook work with Citizens Advice and the Heat Trust to better understand the options for redress for residents with complaints about heat networks and how best to ensure residents reached the most appropriate route for redress as swiftly as possible. This work will continue in 2020-21. Shelter attended a colleague event to provide an update on their front line advice services.

Where a complaint is not resolved through the landlord's complaints procedure, a complainant may refer the matter to a designated person - MP, councillor or designated tenant panel - for resolution or immediate referral to our service. This is also known as the democratic filter. Alternatively, they must wait eight weeks before bringing their complaint to us. We have also improved the visibility of resources on our website for designated persons including a referral letter template.

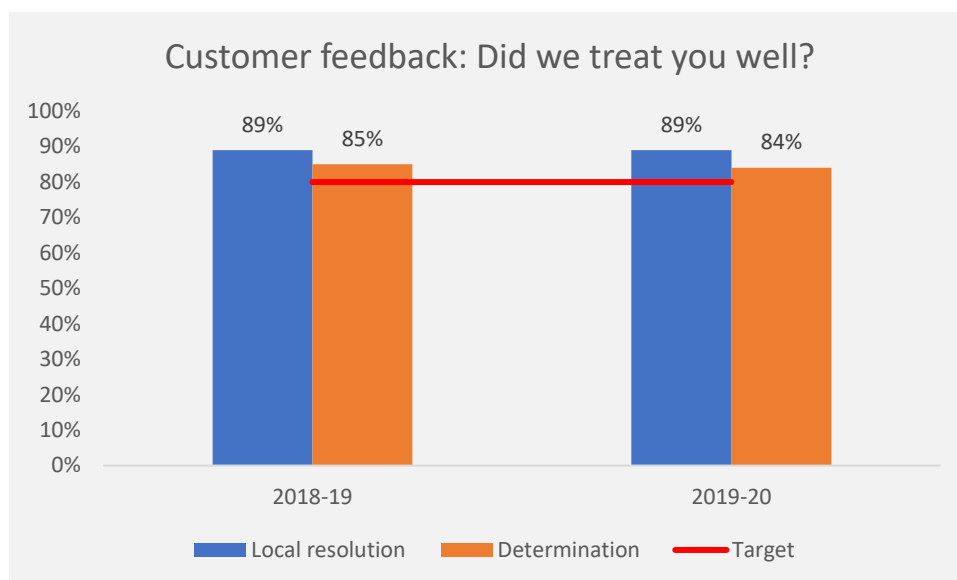
During 2019-20, only 6.9% of the cases entering our formal remit were referred to us by designated person, a slight decrease from the previous year's 8%.

## **Improve our customer journey, customer care and communications**

Mapping and improving the customer journey was a key part of developing our new operating model. We created a new Customer Panel in 2019-20 made up of six residents and two landlord members to provide feedback on our service with suggestions on how we can improve it. The Panel met twice during the year, providing valuable input into our service development. Mapping out the customer journey from their perspective was the focus of the first meeting, which was fed into the work being developed by the dispute resolution trial teams. The second meeting looked at the proposed new operating models and asked for their views, and then discussed the most appropriate language and terminology to use that would be accessible and meaningful to our customers.

During the year we reviewed some of our standard customer letters to ensure consistency and clarity, as well as introducing a new template for decisions, ahead of publishing all decisions. Further work to ensure our customer communications reflects the new dispute resolution processes in a consistent and clear way will be carried out in 2020-21.

We continued to use customer feedback at team and individual level to improve services. We ask a sample of customers after their case closes whether they think we treat them well and invite comments. In 2019-20 we exceeded our targets on this at both local resolution and determination stages. We achieved 89% positive customer feedback at local resolution and 84% at determination, against targets of 80% for both.



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



I found the advisor was extremely helpful and took all the information he required from me in a welcoming, polite and friendly manner. He showed that he was interested in my complaint by asking relevant questions to help assist further and was very understanding and reassured me he would be investing further.

Resident



Very helpful, listened to my issue and acted quickly to support me. Everyone has been polite and professional.

Resident



The advisor is so helpful, always listens and doesn't cut me off mid-sentence; the man is a diamond.

Resident



I am very grateful for your support and help with my ongoing complaint. It's been reassuring to know someone was listening and cared. Thank you so much.

Resident



The case was assessed in a fair and equitable manner.

Landlord

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## Invest in the learning and development of all colleagues

We are committed to being an exceptional employer. Colleagues have led and developed the change programme and it is important that the organisation invests in them.

While we were developing the dispute resolution trials, we put a hold on recruiting permanent colleagues, using the bank of staff and agency workers to keep overall numbers stable and close to the headcount. As soon as the new processes were agreed we started to recruit on a permanent basis.

In designing the new organisational structure, succession planning was built in. There will be more resilience in our Corporate Services team with increased resourcing in each of the small specialist teams. In addition a new Chief Operating Officer role will help to provide continuity, particularly as the Ombudsman appointment is for a fixed term of three years, and support delivery of the corporate and business plans.

We continued to invest in systems to support colleagues. These included upgrades to our casework system, with improved reporting capabilities and a move to cloud hosting for increased efficiency. A new finance system replaces various separate legacy systems and is also more efficient to operate. We moved our casework system and other applications to UK hosted environments ahead of Brexit to ensure we comply with data protection legislation, which also helped to increase system response times. We achieved Cyber Essentials certification again during the year, demonstrating good practice in our information security approach. Our IT investment put us in a very strong position during Covid-19 as all colleagues were able to successfully switch to working from home overnight and we continued to provide a full service to our customers.

In terms of learning and development, we ran a programme of core skills training for casework colleagues aligned to their roles. For example, workshops on resilience and dealing with unacceptable users for dispute resolution advisors and housing law for adjudicators.

We carry out colleague engagement surveys every two years as a way of measuring how colleagues feel about various themes such as leadership, managing change, job satisfaction, line management and learning and development so we can make improvements as needed. In the 2019-20 survey we introduced some new themes, namely job engagement, team dynamics and well-being. The response rate was high at 83.6% and scores were generally high, although there was a slight decrease of 5% in the overall engagement score to 63%. The results within this showed good improvements in managing change and leadership but less so for line management, learning and development, and job satisfaction, compared to last time. These were issues that had already been identified from other colleague feedback and were being addressed through the change programme.

## SO4: Ensure our service is open and transparent

We are committed to openness and transparency so the way in which we deliver our service is clear and increases our accountability to stakeholders.

### **Publish the Ombudsman's decisions, individual landlord's complaints data and our policies, procedures and guidance**

In 2019-20 we began preparatory work to publish all decisions on our website in 2021-22. As well as the new anonymised template previously mentioned, we have worked with both our casework system provider and website developers to specify and develop the changes required to support future publication of decisions. It will go live later this year.

Similarly, preparatory work on publishing individual landlords' complaint data was also started and changes will be made to our systems for implementation during 2020-21. This will help residents hold landlords to account for the quality of their complaint handling and provide useful comparative data for landlords.

We have a wide range of our policies, procedures and guidance on our website for transparency covering dispute resolution, HR, finance and corporate issues. These are reviewed regularly and during the year we added or updated those listed below:

- Managing unacceptable behaviour policy
- Quality assurance policy
- Whistle blowing policy
- Group complaints guidance

### **Complaints about our service**

We have an open and transparent process for customers to raise dissatisfaction with the service we provide.

In 2019-20 we received 155 complaints about our service, which represents 1% of the total enquiries and complaints received. This was slightly fewer compared to 2018-19 when we received 169, although the number upheld increased from 49 to 80 (representing 0.5% of total cases received). The biggest two areas concerned delays in our service, accounting for 23%, followed by customer care at 19%. As we continue to implement the new dispute resolution processes over the next year we expect changes in practice to reduce the level of complaints about our service. A greater focus on local resolution, investigations and reviews in specific dedicated teams will help improve customer service and reduce the length of time customers have to wait for a response and decision.

### **Benchmark our performance against relevant best practice**

Every year we benchmark our service against the Ombudsman Association's Service Standards to demonstrate where our service meets that best practice and the actions we are taking on areas for improvement. These are set out in the Annex at the end of this report.

## Other matters

We take corporate social responsibility seriously and have a range of policies and practices to support our approach. Our standard contracts all include clauses over modern slavery, anti-bribery and corruption, and transparency. We also have an anti-bribery policy in place and we recycle whenever we can. During 2020-21 we will develop a policy with our key suppliers on assuring sustainability within the supply chain.

The Housing Ombudsman Service made no political or charitable donations during the year. Our whistle-blowing policies and procedures are effective and regularly reviewed. No disclosures were made under this policy during 2019-20.

**Richard Blakeway**

**Housing Ombudsman and Accounting Officer      21 August 2020**

# Accountability report

## Corporate governance report

### Ombudsman's report

#### Leadership and direction

The 'Governance Statement' on page 39 sets out how we are structured to deliver organisational direction and control. The 'Who we are' section on page 3 identifies members of the Senior Leadership Team (SLT), the Audit and Risk Assurance Committee (ARAC) and the Panel of Advisors (PoA).

The year to the end of March 2020 was the first year of our new corporate plan setting out our strategy for the period 2019-22. The overall aim of the strategy is 'Making a difference – on individual complaints and across the sector' with four new objectives to:

- Deliver a fair and impartial service, resolving complaints at the earliest opportunity
- Promote positive change in the sector
- Provide a service that is professional, accessible and simple to use
- Ensure our service is open and transparent.

A key part of the strategy for 2019-20 was delivering a change programme so during the year our main focus was planning for a new operating model to increase our efficiency, improve the customer experience and provide a comprehensive Ombudsman service. Led and developed by colleagues, we set up trial teams to introduce new, more efficient ways of working at the different stages of dispute resolution with the aim of providing faster and effective redress for the benefit of our customers. It was supported by a range of internal communications and engagement activities including a dedicated colleague event in January 2020 where the new organisational design was presented to staff and the first of our non-statutory consultations on the approach to transition was launched. Transition to the new model got underway in March 2020.

As part of our approach to effectively communicating change, we increased the frequency of breakfast briefings for all colleagues to monthly providing regular updates as well as covering business as usual activities. These then increased to fortnightly online briefings at the end of the year when the whole team moved to remote working in response to the Covid-19 pandemic.

We continued with regular six-monthly, half-day colleague events and introduced a guest speaker programme with input in the year from Shelter and our Panel of Advisors. We also held sessions during the year with colleagues to get their views on proposed changes to the Housing Ombudsman Scheme ahead of external consultation.



We consulted extensively on our business plan for 2019-20 and our proposed changes to the Scheme, both of which received strong support from landlords, residents and other stakeholders, followed by approval from the Secretary of State.

All our activities are underpinned by a robust and comprehensive set of policies, procedures and controls that are regularly reviewed and updated when necessary. The assurance map also provides valuable insight into risk management alongside our corporate and operational risk registers.

### **Responding to current issues**

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

The revised Scheme, approved by the Secretary of State, gives us significantly increased powers in several areas including: the ability for us to set up a complaint handling code, to issue 'failure orders' where landlords do not comply with membership obligations, for example progressing complaints, and to conduct a systemic investigation beyond an individual complaint or landlord. We are now preparing for their introduction. These changes will also lead to a closer working relationship between the Housing Ombudsman Service and the Regulator for Social Housing.

We continue to work with the Government on wider changes to housing redress. These include plans for the creation of the Building Safety Regulator and a New Homes Ombudsman as set out in the draft Building Safety Bill. Both of these new bodies will need to work closely with the Housing Ombudsman given our jurisdiction. We also welcomed the proposed removal of the democratic filter contained in this draft Bill which would allow residents direct access to our service. We have been active members of the Government-led Redress Reform Working Group and plans to create a new Housing Complaints Resolution Service to provide a single point of access for all the current redress schemes in housing.

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

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

We continued to work closely with the LGSCO and made plans for joint training on jurisdiction across the two services for front-line staff and will be implementing new arrangements for referring customers directly to each other's service where relevant.

In the Ombudsman sector, we also participate in Ombudsman Association activities including the regular interest group meetings that bring people from common disciplines together to share best practice and to provide a discussion forum. These include casework, legal, HR, communications and policy work. We also participate in the Public Sector Ombudsman Group and attended three meetings during 2019-20.

The Ombudsman meets regularly with the Regulator of Social Housing and we have a strong working relationship. We share information under our memorandum of understanding to provide insight on complaint handling and to help form a shared understanding of issues and events that impact the sector. During the year we consulted on changes to our Scheme and held a joint workshop exploring triggers for systemic issues and possible referral to the Regulator.

### **Register of interests**

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

### **Personal data**

Information management within the Housing Ombudsman is strong, however, in any organisation dealing with high volumes of personal data on a daily basis, some lapses due to human error are unavoidable. During the year, we self-reported two incidents to the Information Commissioner's Office (ICO) and two complainants reported us directly. In three cases, the ICO noted we had breached the Data Protection Act but took no further action. In the final case, we are following the ICO's recommendation to periodically test our call recording systems.

## Statement of Accounting Officer's responsibilities

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

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

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

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

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

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

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## Governance statement

### Scope of responsibility

My responsibilities as Accounting Officer are set out in '*Managing Public Money*'. I was appointed as Accounting Officer by the Ministry of Housing, Communities and Local Government's Permanent Secretary, who is the Principal Accounting Officer for the Ministry, on 1 September 2019. The previous Accounting Officer has provided me with a letter of assurance covering the period from 1 April 2019 to 31 August 2019.

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

### Legislation and Scheme

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

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

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

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

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

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

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

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

### Internal governance

In making decisions about governance, risk management and internal control, THO is advised by an Audit and Risk Assurance Committee (ARAC). The ARAC's terms of reference are set out in the Framework Document and it met formally four times in the year.

Internally, THO is supported by a Senior Leadership Team (SLT) who work with THO to set the strategic direction and the framework within which the organisation operates. The SLT meets monthly and, from September 2019, one additional meeting was held each month in between full SLTs to focus on our change programme.

Supporting SLT is an Operational Management Team (OMT). This also meets monthly and considers organisational performance and delivery.

The Housing Ombudsman Scheme provides that the Ombudsman may appoint a Panel of Advisors to provide support and advice to THO in the leadership and good governance of the office of THO. The Panel also brings an external perspective to assist THO in the development of policy and practice. The Panel's terms of reference are set out in the Framework Document and it met three times in the year.

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

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

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

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

## Audit and Risk Assurance Committee

Matters covered by the ARAC in-year were:

- arrangements for the recruitment of a permanent Ombudsman
- assurance deep dives in two areas per meeting selected from the corporate risk register or the assurance map
- review of reports from internal and external audit and tracking the timely implementation of the recommendations
- review of the annual report and accounts
- review of the accounting policies

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

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

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

## Risk management

Risk management is active and embedded throughout the organisation. Operational risks are managed at the monthly OMT meetings. Where necessary, risks are escalated from the here to the corporate risk register, which is also discussed monthly at SLT meetings.

Risk management is aided by our risk appetite, set for each area of the business, and the assurance map which identifies the level and frequency of assurance, where this is reported and any related operational or corporate risks for each area of organisational activity.

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

Information management within HOS is strong, however, in any organisation dealing with high volumes of personal data on a daily basis, some lapses due to human error are unavoidable. During the year, we self-reported two incidents to the Information Commission's Office and two complainants reported us directly. In three cases, the ICO noted we had breached the Data Protection Act but took no further action. In the final case, we are following the ICO's recommendation to periodically test our call recording systems.

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

- **Lack of permanent leadership**

HOS is an executive non-departmental public body, sponsored by MHCLG. Appointments to the role of Housing Ombudsman are led and managed by MHCLG and made by the Secretary of State. At the start of the year, MHCLG was undertaking its third recruitment round for the permanent post, which had been vacant since June 2017. The ARAC had reviewed this risk at each of its meetings since December 2017 given the long vacancy period and the increased focus on social housing policy. The third round was successful and the new Ombudsman took up post on 1 September 2019. Consequently, this risk was removed from the register.

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

Residents and landlords want a timely, high quality complaints handling service and that is what we want to provide. In 2018-19 we reduced our average determination case time to 6.7 months but this was still above the stretching six-month target, as it had been the year before. We started the year with our lowest open caseload for some time, despite the increases in demand we had experienced during 2018-19, and we continued to refine our modelling and improve our approach to case allocations and evidence requests. This helped us to achieve the target during the year and then to continue to erode the average figure so that we hit 5.8 months at year-end.

- **A significant information security or cyber security breach occurs**

A significant information security breach would cause serious reputational damage, could potentially result in harm to our customers and could lead to fines or other penalties. Our information security measures are strong, but we cannot entirely eliminate the risk of a breach through human error nor a breach to our systems resulting from the continually increasing sophistication of cyber attacks. Colleagues are reminded about information security with monthly updates and regular training provided. In addition, we have Data Protection Champions in each team to provide advice and guidance to their colleagues and we were reaccredited under the Cyber Essentials. Following any self-report to, or investigation by, ICO, we immediately review our systems and processes, and take appropriate remedial action.

- **Ineffective transition to our new operating model**

We are introducing a new operating model that will improve the customer experience, reduce determination times and allow us to provide a comprehensive Ombudsman service by supporting positive change in the sector. Trial teams developed revised processes and operated these alongside business as usual from July 2019. A new organisational design was presented to staff at a dedicated event in January 2020 where we also launched a consultation on the approach to transition. We undertook a significant amount of engagement with staff and the Union during the consultation period and have since developed detailed transition plans. A pre-requisite for moving to our new operating model was an increased subscription rate and revised Scheme, both of which received timely approval by the Secretary of State. That enabled transition to commence in March 2020 and this will continue into 2020-21.

### Internal control

We have continued our approach of regularly reviewing and updating of our policies and processes for best practice and lessons learned. This year we reviewed our quality assurance and unacceptable users' policies for dispute resolution, also publishing additional guidance on group complaints. On the corporate services side, we completed our cyclical review of the whistle-blowing, anti-fraud, anti-bribery, risk management and reserves policies.

The internal audit programme was linked to the key risks facing the organisation during the year or where assurance had not been sought for some time. It provided substantial assurance over our business continuity arrangements and key financial controls, and moderate assurance over dispute resolution quality assurance and our induction arrangements. We are on track to implement all recommendations by the target dates.

### Sources of assurance

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

- the annual report from the ARAC to me on its view of governance, risk management and internal control which concluded "it was satisfied that appropriate governance, risk management and internal control processes operate within HOS"
- the annual report and opinion from the Head of Internal Audit which states "Substantial"
- the NAO's audit completion report and management letter
- the outcome of regular Accounting Officer meetings with MHCLG
- the assurance statement from the Interim Housing Ombudsman and Interim Chief Operating Officer setting out how governance, risk management and internal control have operated across the organisation during the year
- the corporate risk register and the assurance map.

### Conclusion on governance, risk management and internal control

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

The key challenges for 2020-21 will be managing the internal and external operational impacts arising from Covid-19 to achieve a challenging annual average case time target alongside continuing the transition and embedding of our new operating model.

**Richard Blakeway**  
**Housing Ombudsman and Accounting Officer**



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## Remuneration and staff report

### Remuneration of senior managers

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

The previous Interim Ombudsman appointment expired on 31 August 2019 and a permanent Ombudsman was appointed with effect from 1 September 2019. On taking up his role, the Ombudsman created the post of Chief Operating Officer which was held on a temporary basis by the Interim Ombudsman. In March 2020, the Ombudsman ratified the Chief Operating Officer role as a permanent position within our revised operating model.

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

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

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

There were no payments in respect of allowances, bonuses, compensation and non-cash benefits during the year. The members of the Audit and Risk Assurance Committee and Panel of Advisors referred to on page 3 are not senior managers of HOS.

## Single total figure of remuneration and pension disclosures (subject to audit)

2019-20

	Notes	Single Total Figure of Remuneration				Pension Entitlement Details				
		Salary and fees	Pension benefits	2019-20 Total	2018- 19 Total	Real increase in pension and related lump sum at pension age	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
<b>Ombudsman &amp; Senior Managers</b>		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
Richard Blakeway (Housing Ombudsman from 1/9/19)	1	65,000-70,000	21,000	90,000-95,000	N/A	0-2,500 -	0-5,000 -	-	14,000	6,000
Andrea Keenoy (Interim Housing Ombudsman until 31/8/19, Interim Chief Operating Officer from 1/9/19)	2	100,000 - 105,000	74,000	175,000-180,000	120,000-125,000	2,500-5,000 -	5,000-10,000 -	73,000	95,000	8,000
Rosalind D'Cruz (Interim Director of Finance and Corporate Services)		80,000-85,000	N/A	80,000-85,000	45,000-50,000	N/A	N/A	N/A	N/A	N/A
Emma Foxall (Deputy Ombudsman)		80,000-85,000	90,000	170,000-175,000	110,000-115,000	2,500-5,000 2,500-5,000	20,000-25,000 10,000-15,000	277,000	306,000	14,000
Joyce Adu (Director of Dispute Resolution)		65,000 – 70,000	57,000	125,000-130,000	85,000-90,000	2,500-5,000 -	20,000-25,000 15,000-20,000	281,000	305,000	11,000
Jennifer Ryans (Head of Dispute Resolution from 11/11/19)	3	25,000 – 30,000	3,000	25,000-30,000	N/A	0-2,500 -	5,000-10,000 -	N/A	59,000	2,000
Jackie Feeney (Communications Manager)		50,000-55,000	42,000	95,000-100,000	40,000-45,000	2,000-2,500 -	0-5,000	44,000	63,000	14,000
Tracey Hindley (Head of Human Resources)		60,000 – 65,000	16,000	80,000-85,000	55,000-60,000	0-2,500 -	0-5,000 -	13,000	27,000	7,000
Simba Maposa (Head of Finance until 29/2/20)	4	90,000-95,000	N/A	90,000-95,000	20,000-25,000	N/A	N/A	N/A	N/A	N/A

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

1. Richard Blakeway was appointed as permanent Ombudsman from 1 September 2019 and his FTE salary is in the band £115,000-£120,000.
2. Andrea Keenoy held the post of Interim Housing Ombudsman until 31 August 2019 and became the Interim Chief Operating Officer from 1 September 2019. Andrea is a permanent HOS employee and her year-end FTE salary is in the band £100,000 - £105,000.

3. Jennifer Ryans took up post as Head of Dispute Resolution on 11 November 2019. Her FTE salary is in the band £65,000-£70,000.
4. Simba Maposa held the post of Head of Finance until 29 February 2020. Simba was seconded from the Department for Transport and was not an employee nor remunerated by the Housing Ombudsman Service. The amount paid to his employer was £93,317. His FTE salary was in the band £60,000 to £65,000.

2018-19

N o te s	Single Total Figure of Remuneration					Pension Entitlement Details				
	Salary and fees	Pension benefits	2018 – 19 Total	2017 – 18 Total	Real increase in pension and related lump sum at pension age	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 Restated*	In bands of £5,000 Restated*	In bands of £5,000	In bands of £2,500 Restated*	In bands of £5,000 Restated*	To the nearest £1,000	To the nearest £1,000	To the nearest £1,000 Restated*	
<b>Ombudsman &amp; Senior Managers</b>										
David Connolly (seconded Interim Housing Ombudsman until 30/08/18)	1	55,000-60,000	N/A	55,000-60,000	80,000-85,000	N/A	N/A	N/A	N/A	N/A
Andrea Keenoy (Director of Finance and Corporate Performance until 30/08/18, Interim Housing Ombudsman from 31/08/18)	2	95,000 – 100,000	23,000*	120,000 – 125,000*	85,000 – 90,000	0 – 2,500 -	0 – 5,000 -	43,000	73,000	20,000*
Rosalind D’Cruz (Director of Finance and Corporate Services from 01/09/18)	3	45,000 – 50,000	-	45,000 – 50,000	N/A	-	-	-	-	-
Emma Foxall (Director of Dispute Resolution until 31/08/18, Deputy Housing Ombudsman from 01/09/18)	4	75,000 – 80,000	35,000*	110,000-115,000*	130,000 – 135,000	0 – 2,500 -	15,000-20,000* 5,000 – 10,000	200,000	277,000	68,000*
Joyce Adu (Director of Dispute Resolution)		65,000 – 70,000	21,000*	85,000-90,000*	145,000 – 150,000	0 – 2,500 -	15,000 – 20,000 15,000 – 20,000	237,000	281,000	35,000*
Jackie Feeney (Communications Manager)	5	25,000 – 30,000	16,000*	40,000 – 45,000*	N/A	0-2,500* -	0 – 5,000 -	-	44,000	39,000*
Tracey Hindley (Head of Human Resources)	6	35,000 – 40,000	19,000*	55,000-60,000*	N/A	0-2,500* -	0-5,000* -	-	13,000	9,000*
Simba Maposa (Head of Finance from 15/10/18)	7	20,000 – 25,000	N/A	20,000 – 25,000	N/A	N/A	N/A	N/A	N/A	N/A

\*Pension disclosures have been restated to correct errors in the prior year.

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

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

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

### Fair Pay disclosure (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. Agency staff have been excluded from this calculation.

	<b>2019-20</b>	<b>2018-19</b>
	<b>£</b>	<b>£</b>
Band of highest paid individual's remuneration*	115,000-120,000	110,000-115,000
Median remuneration of staff*	45,822	45,496
Ratio between median remuneration and mid-point of banded remuneration of highest paid individual	2.6:1	2.5:1
*Salaries are annualised staff remuneration		
The range of annualised staff remuneration (excluding the Housing Ombudsman)	24,000-100,000	24,000-82,000

In 2019-20, nil employees received remuneration in excess of the highest-paid director (2018-2019: nil).

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

**Staff costs (subject to audit)**

	Notes	Permanent staff £'000	Temporary staff £'000	2019-20 Total £'000	2018-19 Total £'000
Wages and salaries		2,784	928	3,712	3,257
Social security costs		314	-	314	293
Pension service costs	14a	921	-	921	1,020
<b>Total Costs</b>		<b>4,019</b>	<b>928</b>	<b>4,947</b>	<b>4,570</b>
Secondments into HOS		93	-	93	78
Recoveries in respect of outward secondments		(72)	-	(72)	(70)
<b>Total Costs</b>		<b>4,040</b>	<b>928</b>	<b>4,968</b>	<b>4,578</b>

Cost of secondments into HOS relate to the Head of Finance.

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

A 2019 triennial review has been undertaken to set contributions for the period from 1 April 2020 to 31 March 2022. The actuary recommended an employer's contribution rate of pensionable salaries for THO as follows:

Year Ended 31 March	Contribution Rate %
2020	21.5%
2021 onwards	27.6%

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

Year Ended 31 March	Lump Sum
2020	£134,000

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

**Staff composition**

The permanent Housing Ombudsman is not treated as an employee of HOS.

HOS had 8 employees, (excluding the Housing Ombudsman), classified as senior managers during the year as detailed in the Remuneration Report. HOS had a FTE total of 79.6 staff in post as at 31 March 2020, of which 48.8 were female and 30.8 male.

### Staff numbers (subject to audit)

The average number of employees (including part-time employees, agency workers, and secondees) during the year was 72.5 (2019: 67.6), engaged in the following duties:

	Permanent Staff	Seconded-in Staff	Temporary Staff	Total THO Staff 2019-20 FTE	Total THO Staff 2018-19 FTE
Ombudsman	1.0	-	-	1.0	1.0
Dispute resolution and Caseworkers	44.2	-	13.3	57.5	54.3
Support staff	10.1	0.9	3.0	14.0	12.3
				<b>72.5</b>	<b>67.6</b>

### Sickness absence

During the year employee sickness levels were recorded as 0.03%-0.02% in respect of short-term sickness and 0.01% in respect of long-term absence.

### Staff policies

The most significant policy development in-year related to transitioning all colleagues into our new operating model. The model itself provided colleagues with a range of development and promotion opportunities as well increasing capacity across the organisation. We undertook a one month non-statutory consultation with dispute resolution colleagues on our intended approach, supported by a range of engagement activities and union meetings. On the corporate services side, we followed a similar pattern but with a shorter consultation period due to the smaller number of staff affected. The outcome of these activities was strong support from colleagues for the new model and the transition approach.

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

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

We regularly seek colleagues' views through colleague events, open meetings and project working groups. During the year we increased our breakfast briefings frequency for all colleagues to maintain momentum on the change programme. These initiatives gave us an insight into how colleagues would like us to develop our service going forward, what is working well and where improvement is needed. It also empowers colleagues by asking them to provide solutions to the challenges we face. We undertake staff survey engagements and develop plans to address any areas requiring remedial action.

### Expenditure on consultancy

HOS did not incur any consultancy costs for off-payroll staff during 2019-20 (2018-19 nil). We paid £39,060 to one company to assist with the development of HOS's new operating model. In 2018-19 we paid £16,705 to one company for IT advice during the year.

### Off-Payroll engagements

There were no off-payroll engagements for more than £245 per day that had lasted for longer than six months as at 31 March 2020 (2018-19: none).

No. of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	2
of which.....	
No. assessed as caught by IR35	0
No. assessed as not caught by IR35	2
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	0
No. of engagements reassessed for consistency/assurance purposes during the year.	2
No. of engagements that saw a change to IR35 status following the consistency review.	0

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020:

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	1
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year.	4

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

The one off-payroll engagement above was the Head of Finance who was seconded from the Department for Transport. The secondment agreement set out that the secondee remains on their home organisation's payroll. The amount paid to his employer was £93,317 and the secondment ended on 29 February 2020.

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

There were no exit packages in 2019-20 (2018-19: nil).



## Parliamentary Accountability and Audit Report

### Regularity of expenditure (subject to audit)

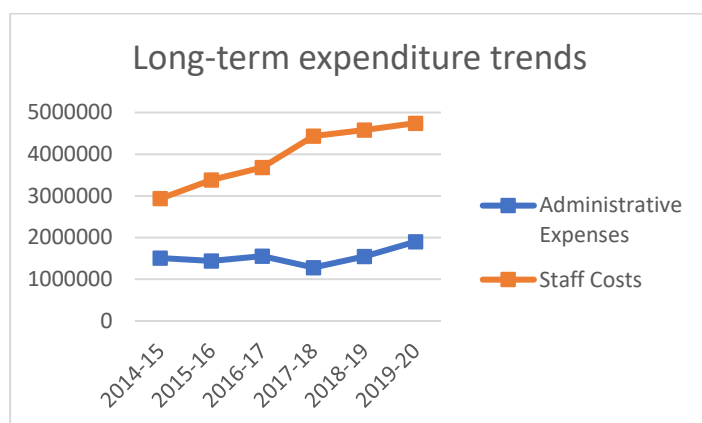
There were no losses, special payments or gifts that require disclosure in the Annual Report and Accounts.

### Fees and charges (subject to audit)

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

The annual membership subscription fee in 2019-20 was £1.25 per housing unit (2018-19: £1.25) and this is prorated if a member joins during the year. The total income received in the year from subscriptions was £6.0 million (2018-19 £5.99m).

### Long-term expenditure trends



In 2019-20 we ran a planned deficit to maintain our 2017-18 sector commitment to keep our subscription rate at the same level for three years. We funded the additional costs in 2019-20 from our reserves. This allowed us to recruit more staff to deliver an improved service and achieve our targets, including the six month average determination time. We also continued with our external case advice and support arrangements, which are reported as administrative expenditure. We procured a new finance system which went live on 1 April 20, incurring implementation costs, moved our hosting to the UK and purchased additional licences for colleagues during the year which were also reported as administrative expenditure. Overall staff costs increased by 9% and administrative costs rose by 20% on the previous year.

### Remote contingent liabilities (subject to audit)

There are no remote contingent liabilities (2018-19: none).

### Auditor remuneration (subject to audit)

The audit fee for 2019-20 is £32,000 (2018-19: £29,500). No remuneration was paid to the auditors for non-audit work.

**Richard Blakeway**  
Housing Ombudsman and Accounting Officer

21 August 2020

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

### Opinion on financial statements

I certify that I have audited the financial statements of The Housing Ombudsman for the year ended 31 March 2020 under The Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of The Housing Ombudsman's affairs as at 31 March 2020 and the deficit after taxation for the year then ended; and
- the financial statements have been properly prepared in accordance with The Housing Ombudsman Scheme as approved by the Secretary of State for Housing, Communities and Local Government under the Housing Act 1996, and with the Secretary of State directions issued thereunder.

### Emphasis of matter

I draw attention to Note 14 to the financial statements, which sets out The Housing Ombudsman's pension assets, and explains that due to the impact of COVID-19, there is a 'material valuation uncertainty' associated with this balance. Consequently, less certainty and a higher degree of caution should be attached to this valuation than would normally be the case. My opinion is not modified in respect of this matter.

### Opinion on regularity

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

### Basis of opinions

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

to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- The Housing Ombudsman's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Housing Ombudsman has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about The Housing Ombudsman's ability to continue to adopt the going concern basis for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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

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

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Housing Ombudsman's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- conclude on the appropriateness of The Housing Ombudsman's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Housing Ombudsman's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause The Housing Ombudsman to cease to continue as a going concern.

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

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

### **Other information**

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

## Opinion on other matters

In my opinion:

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

## Matters on which I report by exception

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

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

## Report

I have no observations to make on these financial statements.

**Gareth Davies**

**26 August 2020**

**Comptroller and Auditor General**

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

## Financial statements

### Statement of Comprehensive Income for the year ended 31 March 2020

	Notes	2019-20 £'000	2018-19 £'000
<b>Revenue</b>			
Subscriptions		6,007	5,991
		<u>6,007</u>	<u>5,991</u>
<b>Expenditure</b>			
Administrative expenses	2a	(1,856)	(1,549)
Staff costs	2b	(4,968)	(4,578)
<b>Deficit from operations</b>		<u>(817)</u>	<u>(136)</u>
Net Interest payable	3	(44)	(50)
<b>Deficit before taxation</b>		<u>(861)</u>	<u>(186)</u>
Taxation	4	(5)	(4)
<b>Deficit after taxation</b>		(866)	(190)
<b>Other comprehensive income</b>			
Net actuarial gain on pension fund	14c	1,716	286
<b>Total Comprehensive Income</b>		<u><u>850</u></u>	<u><u>96</u></u>

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

The notes on pages 61 to 74 form part of these financial statements.

## Statement of Financial Position as at 31 March 2020

	Notes	31.03.20 £'000	31.03.19 £'000
<b>Non-current assets</b>			
Property, plant and equipment	5	66	88
Intangible assets	6	125	131
		<u>191</u>	<u>219</u>
<b>Current assets</b>			
Trade receivables and other current assets	7	231	118
Cash and cash equivalents	8	3,457	4,017
<b>Total current assets</b>		<u>3,688</u>	<u>4,135</u>
<b>Current liabilities</b>			
Trade payables and other current liabilities	9	712	616
Current tax liabilities		2	2
Provisions	10	-	15
<b>Total current liabilities</b>		<u>714</u>	<u>633</u>
<b>Total assets less current liabilities</b>		<u>3,165</u>	<u>3,721</u>
<b>Non-current liabilities</b>			
Net pension liability	14f	1,904	3,310
<b>Total non-current liabilities</b>		<u>1,904</u>	<u>3,310</u>
<b>Assets less liabilities</b>		<u>1,261</u>	<u>411</u>
<b>Reserves</b>			
General fund reserve		3,165	3,721
Pension fund reserve		(1,904)	(3,310)
<b>Total reserves</b>		<u>1,261</u>	<u>411</u>

The notes on pages 61 to 74 form part of these financial statements.

**Richard Blakeway**  
Housing Ombudsman and Accounting Officer

21 August 2020

Statement of Cash Flows for the year ended 31 March 2020

	Notes	31.03.20 £'000	31.03.19 £'000
<b>Cash flows from operating activities</b>			
Deficit from operations		(817)	(136)
Depreciation and amortisation charges	5,6	64	60
(Decrease)/increase in provisions	10	(15)	15
Pension scheme service and admin costs	14a	921	1,020
Pension scheme contributions	14e	(684)	(631)
(Increase)/Decrease in receivables		(103)	40
Increase/(Decrease) in payables	9	96	(46)
Cash generated from operations		(538)	322
Bank and other interest received		19	11
Corporation tax paid	4	(5)	(4)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(524)</b>	<b>329</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	6	(36)	(83)
<b>Net cash outflow from investing activities</b>		<b>(36)</b>	<b>(83)</b>
<b>Net (decrease)/increase in cash and cash equivalents in the period</b>		<b>(560)</b>	<b>246</b>
Cash and cash equivalents at the beginning of the period		4,017	3,771
<b>Cash and cash equivalents at end of period</b>	8	<b>3,457</b>	<b>4,017</b>

The notes on pages 61 to 74 form part of these financial statements.



## Statement of Changes in Taxpayers' Equity as at 31 March 2020

	<b>General Fund £'000</b>	<b>Pension Fund £'000</b>	<b>Total £'000</b>
Balance as at 1 April 2018	3,449	(3,134)	315
Total comprehensive income	96	-	96
Transfer between reserves in respect of pension fund liability	176	(176)	-
<b>Balance as at 31 March 2019</b>	<b>3,721</b>	<b>(3,310)</b>	<b>411</b>
Total comprehensive income	850	-	850
Transfer between reserves in respect of pension fund liability	(1,406)	1,406	-
<b>Balance as at 31 March 2020</b>	<b>3,165</b>	<b>(1,904)</b>	<b>1,261</b>

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

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

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

The notes on pages 61 to 74 form part of these financial statements.

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## Notes to the financial statements for the year ended 31 March 2020

### 1. Accounting policies

#### a) Basis of accounting

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

#### Going concern

These accounts have been prepared on a going concern basis. HOS's Statement of Financial Position as at 31 March 2020 shows net assets of £1,261,000. This reflects the inclusion of pension liabilities falling due in future years. The Ombudsman's role is statutory and membership subscription fees are mandatory. Payment of fees to date is slightly ahead of the budgeted profile and Covid-19 has not had an adverse impact. HOS maintains sufficient reserves to cover four months of expenditure at all points during the year and our cashflow forecasts for the next 12 months show we expect to meet all liabilities as they fall due. Therefore no material uncertainties related to events or conditions that may cast significant doubt over our ability to continue as a going concern.

#### Subscriptions

Subscriptions are the annual amounts payable by landlord members of the Housing Ombudsman Scheme for the year ended 31 March 2020. These amounts are considered to be contracts with customers under the FReM interpretation of IFRS 15. Subscription fees are set at a standard per housing unit charge applied to the number of units owned or managed by member landlords. HOS recognises subscription revenue on a monthly basis over the subscription period to reflect HOS's fulfilment of its performance obligations for provision of dispute resolution services throughout the year. Any subscriptions paid in advance are treated as deferred income.

#### b) Property, Plant and Equipment

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

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 current value in existing use.

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

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

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

**c) Intangible assets**

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

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

**d) Financial assets**

HOS recognises financial assets in accordance with IFRS 9. For HOS, these financial assets are primarily trade receivables in the form of outstanding member subscriptions. The trade receivables balance is impaired using the expected credit loss model.

**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.

**f) Pension costs**

HOS participates in a multi-employer funded defined benefit scheme. HOS is exposed to actuarial risks associated with their current and former employees' membership of the fund. The actuary has been able to perform a notional allocation of HOS' share of the Fund and therefore has performed an actuarial valuation at 31 March 2020 using IAS19 principles.

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

**g) Operating leases**

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

**h) Changes in accounting policy**

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

There have been no changes to accounting policies during 2019-20.

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

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

**IFRS 16 Leases (effective from 2021-22)**

The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. As at the effective date of 1 April 2021, HOS has non-cancellable operating lease commitments of £445,996 part or all of which may become right-of-use assets, which will increase the value of assets and liabilities on the Statement of Financial Position.

**j) Key sources of estimation uncertainty**

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

**k) Reserves**

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

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

## 2a. Administrative expenses

	2019-20 £'000	2018-19 £'000 Restated
Staff Support Costs	34	26
Learning and Development	33	43
Human Resources	41	59
Accommodation	313	344
Operational Costs	62	46
Sector Development	3	14
Governance & Regulation	77	79
Information Technology	610	295
Dispute Resolution	352	253
First Contact Services	267	330
Depreciation and amortisation	64	60
	1,856	1,549

The audit fee for 2019-20 is £32,000 (2018-19: £29,500). No remuneration was paid to the external auditors for non-audit work in 2019-20 (2018-19: nil).

Line disclosures within Note 2a have been represented to align with internal reporting and control. Prior year comparatives have also been represented on this basis.

## 2b. Staff Costs

	Notes	Permanent staff £'000	Temporary staff £'000	2019-20 Total £'000	2018-19 Total £'000
Wages and salaries		2,784	928	3,712	3,257
Social security costs		314	-	314	293
Pension service costs	14a	921	-	921	1,020
<b>Total Costs</b>		<b>4,019</b>	<b>928</b>	<b>4,947</b>	<b>4,570</b>
Secondments into HOS		93	-	93	78
Recoveries in respect of outward secondments		(72)	-	(72)	(70)
<b>Total Costs</b>		<b>4,040</b>	<b>928</b>	<b>4,968</b>	<b>4,578</b>

## 3. Interest receivable/ (payable)

	Notes	2019-20 £'000	2018-19 £'000
Bank and other interest receivable		29	23
Interest cost on pension obligation	14d	(430)	(413)
Interest on pension scheme assets	14e	357	340
		(44)	(50)

#### 4. Taxation

HOS is only subject to tax on its interest receivable.

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

	2019-20 £'000	2018-19 £'000
Interest received before corporation tax	29	23
Tax on interest received	<u>5</u>	<u>4</u>

#### 5. Property, Plant and Equipment

	Leasehold Improvements Fixtures and Fittings £'000	Information Technology £'000	Office Equipment £'000	Total £'000
<b>Cost</b>				
As at 1 April 2019	107	109	24	240
Additions	-	-	-	-
<b>As at 31 March 2020</b>	<u>107</u>	<u>109</u>	<u>24</u>	<u>240</u>
<b>Depreciation</b>				
As at 1 April 2019	43	102	7	152
Charge for the year	15	2	5	22
<b>As at 31 March 2020</b>	<u>58</u>	<u>104</u>	<u>12</u>	<u>174</u>
Net book value:				
<b>As at 31 March 2020</b>	<u>49</u>	<u>5</u>	<u>12</u>	<u>66</u>
	Leasehold Improvements Fixtures and Fittings £'000	Information Technology £'000	Office Equipment £'000	Total £'000
<b>Cost</b>				
As at 1 April 2018	107	109	24	240
Additions	-	-	-	-
<b>As at 31 March 2019</b>	<u>107</u>	<u>109</u>	<u>24</u>	<u>240</u>
<b>Depreciation</b>				
As at 1 April 2018	26	97	4	127
Charge for the year	17	5	3	25
<b>As at 31 March 2019</b>	<u>43</u>	<u>102</u>	<u>7</u>	<u>152</u>
Net book value:				
<b>As at 31 March 2019</b>	<u>64</u>	<u>7</u>	<u>17</u>	<u>88</u>

All assets are owned by HOS.

## 6. Intangible assets

	<b>Computer Software £'000</b>	<b>Website &amp; Intranet £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
As at 1 April 2019	434	180	614
Additions	36	-	36
<b>As at 31 March 2020</b>	<b>470</b>	<b>180</b>	<b>650</b>
<b>Amortisation</b>			
As at 1 April 2019	335	148	483
Charge for the year	28	14	42
<b>As at 31 March 2020</b>	<b>363</b>	<b>162</b>	<b>525</b>
<b>Net book value:</b>			
<b>As at 31 March 2020</b>	<b>107</b>	<b>18</b>	<b>125</b>
	<b>Computer Software £'000</b>	<b>Website £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
As at 1 April 2018	357	174	531
Additions	77	6	83
<b>As at 31 March 2019</b>	<b>434</b>	<b>180</b>	<b>614</b>
<b>Amortisation</b>			
As at 1 April 2018	315	133	448
Charge for the year	20	15	35
<b>As at 31 March 2019</b>	<b>335</b>	<b>148</b>	<b>483</b>
<b>Net book value:</b>			
<b>As at 31 March 2019</b>	<b>99</b>	<b>32</b>	<b>131</b>

All assets are owned by HOS.

## 7. Trade receivables and other current assets

	<b>31.03.20 £'000</b>	<b>31.03.19 £'000</b>
Member subscriptions	209	39
Staff loans	5	2
Prepayments	2	61
Other receivables	15	16
	<b>231</b>	<b>118</b>

## 8. Cash and cash equivalents

	31.03.20 £'000	31.03.19 £'000
Cash on hand and balances with bank	3,457	4,017
	<u>3,457</u>	<u>4,017</u>

All balances are held with a commercial bank.

## 9. Trade payables and other current liabilities

	31.03.20 £'000	31.03.19 £'000
Trade payables	-	18
Other payables	240	64
Tax & NI payables	83	84
Accruals	389	450
	<u>712</u>	<u>616</u>

## 10. Provision for liabilities and charges

	Buildings £'000	Total £'000
As at 1 April 2019	15	15
Used in the year	(15)	(15)
<b>Balance as at 31 March 2020</b>	<u>0</u>	<u>0</u>

Provision had been made for probable increases to the accommodation rental charge applicable from 1 April 2018. This was resolved during 2019-20.

## 11. Operating leases

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

	£'000	2019-20 £'000	2018-19 £'000
		Buildings	Total
Within one year	149	149	141
Within two to five years	289	289	410
	<u>438</u>	<u>438</u>	<u>551</u>

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



## 12. Financial Instruments

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

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

### Credit Risk

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

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

### Liquidity risk

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

### Market risk

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

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

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

## 13. Related Parties

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

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

The two people who served as the Ombudsman in year, senior management and ARAC and Panel members are considered related parties and have not undertaken any material transactions with HOS during the year. Panel and ARAC members were remunerated for attending meetings.

### 14. Pension

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

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

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

In addition, as many unrelated employers participate in the City of Westminster Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers if this is not funded by the exiting employer.

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

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

Following the 2019 triennial review the actuary assessed that the HOS' contribution rate of pensionable salaries should be as follows:

Year Ended 31 March	Contribution Rate %
2020	21.5%
2021 onwards	27.6%

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

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

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

The principal assumptions used by the actuary were:

	At 31.03.20	At 31.03.19	At 31.03.18	At 31.03.17	At 31.03.16
RPI Inflation	2.65%	3.4%	3.3%	3.6%	3.4%
CPI Inflation	1.85%	2.4%	2.3%	2.7%	2.5%
Rate of increase in salaries	2.85%	3.9%	3.8%	4.2%	4.3%
Rate of increase of pensions in payment/deferred pensions	1.85%	2.4%	2.3%	2.7%	2.5%
Discount rate	2.35%	2.45%	2.6%	2.8%	3.8%
Life Expectancy from Age 65 (years)					
- Retiring Today					
- Males	21.8	23.4	24.5	24.4	22.1
- Females	24.4	24.8	26.1	26.0	25.3
- Retiring in 20 years					
- Males	23.2	25.0	26.8	26.6	24.4
- Females	25.8	26.6	28.4	28.3	27.7

HOS's average weighted duration is estimated as 25 years.

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

	<b>31.03.20</b>	<b>31.03.19</b>
	<b>£'000</b>	<b>£'000</b>
Equities	10,384	10,570
Property	1,676	1,438
Other Bonds	2,403	1,983
Cash	214	9
	<hr/>	<hr/>
Total assets	14,677	14,000
	<hr/>	<hr/>

**Assets break down as follows:**

		Quoted (%)	Unquoted (%)
Corporate bonds	UK	-	-
	Overseas	16.40%	-
Equities	UK	0.00%	-
	Overseas	64.80%	-
Property	All	-	9.90%
Others	Private Equity	-	-
	Multi Asset Credit	-	6.00%
	Cash/Temporary Investments	1.40%	-
	Infrastructure	-	1.50%
<b>Total</b>		<hr/> <b>82.60%</b> <hr/>	<hr/> <b>17.40%</b> <hr/>

HOS utilises a building block approach in determining the rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the fund at 31 March 2020.

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

Most of the Fund's assets have quoted prices in active markets, but there are unquoted property and infrastructure assets, with HOS's share amounting to £1,676,000 which are subject to valuation by external valuers. Due to the unprecedented impact of Covid-19 on the market and wider economy, the valuers have advised the pension fund that these assets are subject to material valuation uncertainty at 31 March 2020. Consequently, a higher degree of caution should be attached to the valuation of those assets than would normally be the case.

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

	2019-20 £'000	2018-19 £'000
Service cost	909	1,015
Administration costs	12	5
Total	<u>921</u>	<u>1,020</u>

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

	2019-20 £'000	2018-19 £'000
Net interest charge on the defined liability	<u>73</u>	<u>73</u>

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

	2019-20 £'000	2018-19 £'000
Return on plan assets in excess of interest	(1,291)	288
Other Actuarial gains	480	-
Change in financial assumptions	2,051	(1,009)
Change in demographic assumptions	659	1,007
Experience gains/(loss) on defined obligations	(183)	-
Actuarial gain recognised	<u>1,716</u>	<u>286</u>

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

	2019-20 £'000	2018-19 £'000
Opening present value of liabilities	(17,310)	(15,907)
Current service cost	(909)	(864)
Interest cost	(430)	(413)
Changes in financial assumptions	2,051	(1,009)
Changes in demographic assumptions	659	1,007
Experience loss on defined obligations	(183)	-
Estimated benefits paid net of transfers in	(260)	211
Past service costs including curtailments	-	(151)
Contribution by other Scheme Participants	(199)	(184)
Closing present value of liabilities	<u>(16,581)</u>	<u>(17,310)</u>

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

	2019-20 £'000	2018-19 £'000
Opening fair value of scheme assets	14,000	12,773
Interest on assets	357	340
Return on assets less interest	(1,291)	288
Other actuarial gains	480	-
Administration expenses	(12)	(5)
Contributions by employer	684	631
Contributions by Scheme participants	199	184
Benefits paid net of transfers in	260	(211)
	<hr/>	<hr/>
Closing present value of scheme assets	14,677	14,000

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

	2019-20 £'000	2018-19 £'000
Deficit in scheme at beginning of the year	(3,310)	(3,134)
Movement in year:		
Past and Current service cost	(909)	(1,015)
Net interest cost	(73)	(73)
Change in financial assumptions	2,051	(1,009)
Change in demographic assumptions	659	1,007
Experience gains on defined obligations	(183)	-
Return on assets	(1,291)	288
Other actuarial gains	480	-
Administration expenses	(12)	(5)
Contributions by employer	684	631
	<hr/>	<hr/>
Closing present value of scheme liabilities	(1,904)	(3,310)

The projected pension expense regarding the year ending 31 March 2021 is expected to be £708,000.

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

	Value as at 31.03.20 £'000	Value as at 31.03.19 £'000	Value as at 31.03.18 £'000	Value as at 31.03.17 £'000	Value as at 31.03.16 £'000
Fair value of assets	14,677	14,000	12,773	12,118	8,699
Present value of funded defined benefit obligation	(16,581)	(17,310)	(15,907)	(15,465)	(10,523)
Net liability recognised on the balance sheet	(1,904)	(3,310)	(3,134)	(3,347)	(1,824)

**h) Sensitivity Analysis**

	£'000	£'000	£'000
Adjustment to discount rate	0.1%	0.0%	-0.1%
Present Value of Total Obligation	16,189	16,581	16,983
Projected Service Cost	799	825	852
Adjustment to long term salary increase	0.1%	0.0%	-0.1%
Present Value of Total Obligation	16,602	16,581	16,560
Projected Service Cost	825	825	825
Adjustment to pension increase and deferred revaluation	0.1%	0.0%	-0.1%
Present Value of Total Obligation	16,963	16,581	16,208
Projected Service Cost	852	825	799
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present Value of Total Obligation	17,116	16,581	16,063
Projected Service Cost	850	825	801

**15. Events after the reporting period**

The accounts were authorised for issue by the Housing Ombudsman as Accounting Officer on the date they were certified by the Comptroller and Auditor General. There are no other significant events after the reporting period.

## Annex

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

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

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

### Accessibility


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










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

Standard	Met?
<p><b><i>Members should treat service users courteously, respectfully and with dignity</i></b></p> <p>One of our dispute resolution standards is 'We always treat you professionally and with respect'.</p>	✓
<p><b><i>Members should communicate with complainants through complainants' own chosen method where possible</i></b></p> <p>We ask complainants to identify their preferred method of communication. This is logged on their casefile and followed.</p>	✓
<p><b><i>Members should explain their role to service users</i></b></p> <p>The dispute resolution team will explain to customers what actions we are able to take at each particular stage of our process. They will explain the Ombudsman's role and purpose, ensuring that they are managing customers' expectations in relation to outcome and reach.</p>	✓
<p><b><i>Members should let complainants know what they can and cannot do, and, if they are unable to help them explain why</i></b></p> <p>One of our dispute resolution standards is 'We listen to what you want from us and explain clearly what we can do for you. We also explain if we cannot help'.</p>	✓
<p><b><i>Member should clearly explain to service users their process for handling complaints about organisations and likely timescales</i></b></p> <p>Each stage of the casework process is explained to our customers along with the actions to be undertaken at each stage. Once a complaint is accepted in our formal remit, the customer will be advised of this and given an approximate timescale for the investigation.</p>	✓
<p><b><i>Members should keep service users regularly informed of the progression of their case, and how long things are likely to take</i></b></p> <p>Following a review of the customer journey, this has been trialed as part of our new operating model. It will be fully rolled out in 2020-21.</p>	Action in progress
<p><b><i>Members should tell service users who they can contact if they have any questions at different stages in handling of the case, and how they can do so</i></b></p> <p>Each case has an assigned caseworker and the complainant is advised who they are. If the complaint progresses to investigation it will be allocated to an adjudicator and again the complainant will be advised who will be conducting the investigation.</p>	✓






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




Standard	Met?
<p><b><i>Members should ensure that the staff who consider complaints have the relevant knowledge, training and skills to make decisions, or have access to suitable professional advice</i></b></p> <p>Annual learning and development programmes ensure that staff knowledge and expertise is kept up-to-date. Legal advice is available for complex cases.</p>	
<p><b><i>Members should deal with complaints in a timely manner, taking into account the complexity of the case</i></b></p> <p>We are committed to dealing with complaints in a timely manner with KPIs to support this. We achieved an annual average of 5.8 months in 2019-2020, exceeding our six-month target for the first time.</p>	
<p><b><i>Members should ensure that remedies are appropriate and take account of the impact any identified faults have had on the complainant</i></b></p> <p>Our approach to remedies is consistent with this standard and is set out in our guidance which can be found on our website.</p>	
<p><b><i>Members should use the outcomes of complaints to promote wider learning and improvement to the service and the sector complained about</i></b></p> <p>We have published our first 'Spotlight on' report to share our learning from complaints and will publish another in 2020-21. We also provide free e-learning and training to landlords, based on the most common causes of complaints we see.</p>	
<p><b><i>Members should ensure their record keeping is accurate and that they hold data securely</i></b></p> <p>Information security is a corporate and operational risk and appropriately managed. This is also reviewed as part of our quality assurance process.</p>	
<p><b><i>Members should ensure that if and when sharing of information is necessary, it is done appropriately</i></b></p> <p>How we handle information is set out in our privacy notices which are available on our website.</p>	
<p><b><i>Members should follow their published processes when dealing with complaints about their own service, and they should acknowledge and apologise for any mistakes they make</i></b></p> <p>This standard is captured in our guidance for dealing with complaints about our service which is available on our website.</p>	




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

## Fairness

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

## Transparency

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

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



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