

The Housing Ombudsman



Annual Report and Accounts 2021-22

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Annual Report and Accounts 2021-22

For the period 1 April 2021 to 31 March 2022

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Order 2017

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Annual Report and Accounts 2021-22

Contents	Page
Ombudsman's foreword	1
Performance report	
Performance overview	4
Performance analysis	27
Accountability report	
Corporate governance report	42
Ombudsman's report	42
Statement of Accounting Officer's responsibilities	47
Governance statement	48
Remuneration and staff report	54
Parliamentary accountability and audit report	64
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	66
Financial statements	
Statement of comprehensive income	72
Statement of financial position	73
Statement of cash flows	74
Statement of changes in taxpayers' equity	75
Notes to the financial statements	76
Annex	
Ombudsman Association service standards	90

Ombudsman's foreword

This extraordinary year saw an unprecedented volume of casework reach the Ombudsman. Our dispute support team, which assists with early enquiries and complaints that are still with the landlord, handled more than 26,000 cases - far in excess of



any previous year. Our service received a telephone call around every 2 minutes and our website had more than 1.3 million hits. These high volumes led to an increase of almost 80% in requests for formal investigation, presenting real challenges for us and we continue to work hard to deliver cases.

If demand remains at these levels, we will shortly be determining around 10,000 cases every year – a four-fold increase. While it will be hard for us to maintain the historically low investigation time we have achieved, they will still be competitive by recent standards as well as meeting our exacting quality standards.

Investigation on this scale provides unparalleled insight for landlords into what's driving resident dissatisfaction and service failure. The sector must learn from this period. Investigations are evidently more complex with the rate of findings and remedies increasing. That we witnessed a tenfold increase in severe maladministration findings in 2021-22 underscores the seriousness of the issues we are examining.

What generated these volumes? There are several reasons but three are central: the impact of our Complaint Handling Code that led to complaints being properly recorded and handled by landlords, the social housing sector's continued struggles with repair performance, and sustained media scrutiny and public debate about the quality of social housing that, in turn, increased awareness of and access to the Ombudsman. The pressures on social tenants and landlords, which emerged during this year, have only increased and we expect therefore disputes to remain high in this uncertain climate.

However, it is a testament to the energy and commitment of colleagues that in response to these pressures we again reduced our average formal investigation time to the lowest recorded in recent years and met our related performance indicators. The service is now undergoing a significant expansion and recruiting new caseworkers to manage the higher volumes of casework but it's important to reflect that during this year our performance was achieved with a less than 1% increase in headcount. However, as we recruit new colleagues at pace, the effects of this surge in casework over such a short period requires careful management this year.

The value of our service should be measured not only by its efficiency, but also by the quality and impact of our work. The openness with which we work - routinely publishing our investigations - and the quality of our casework means it reaches beyond the individual whose dispute we have resolved.

This was the first full year of Complaint Handling Failure Orders, issued when the landlord has failed to handle the complaint in line with our Code, and these should act as a red flag to the landlord that something may not be working in its procedures. There was a step change in the number of orders and recommendations we made to landlords to put things right and learn, to more than 4,500, including a substantial increase in total compensation to more than £600,000. And the number of findings of severe maladministration, accompanied by special reports, not only promoted accountability but also learning across the sector.

This role for the Ombudsman to promote fairness and learning is essential, from our unique, independent perspective. With almost half of the cases we investigated upheld, it is essential landlords proactively learn from them to improve services and prevent complaints arising. This year we published our first annual review of complaints, which revealed where service failure was highest (repairs and complaint handling) and how it was much higher for some types of landlords than others.

The Ombudsman also continues to exercise its new powers. We used them for the first time to conduct a wider investigation into an individual landlord based on investigations into several individual complaints to identify any repeated service failure and themes; and this approach has now been extended to other landlords where learning and improvement in specific complaint areas may be required.

The use of our systemic powers to investigate sector-wide challenges produced reports on cladding, managing agents and, notably, damp and mould. These reports have been accessed more than 7,000 times from our website and more than 2,300 people participated in our events. It is encouraging to see such high engagement levels, which reinforces the importance of this work to provide landlords with essential support to promote professionalism. Further they help landlords consider whether their policies or approach in different service areas could be strengthened. The Complaint Handling Code was also strengthened and is proving an essential tool to promote a positive complaint handling culture.

Indeed, discussion about culture as the debate on quality of social homes unfolded was a constant theme over this period. The House of Commons Select Committee undertook an important inquiry into these issues, to which we submitted evidence. The inquiry made a number of valuable recommendations; and we welcomed the focus on the importance of complaints, our role, and its recognition of areas like our Code and systemic work.

This debate has been accompanied by legislative change that develops our role and remit. The legislation to remove the 'designated person' requirement - a key barrier to accessing redress - reached the statute and we worked with the government and Regulator of Social Housing as proposals continue to evolve to change consumer regulation. To support us through these changes we developed our governance, introducing a new Advisory Board to provide an external perspective and challenge.

Social housing offers wonderful opportunities to build lives and communities; despite the challenges, strengthening landlord-resident relationships should be central to the response.

Complaints and an independent, proactive and visible Ombudsman are vital to inform the right culture, values and approach.

Richard Blakeway
Housing Ombudsman

Performance report

Performance overview

The performance overview contains a short summary of our vision, values, strategic objectives, structure, operating environment, key activities during the year, performance and risks.

What we do and how we do it

Our role

The Housing Ombudsman makes the final decision on disputes between residents and member landlords. Our decisions are independent, impartial and fair.

We also support effective landlord-tenant dispute resolution by others and promote positive change in the housing sector.

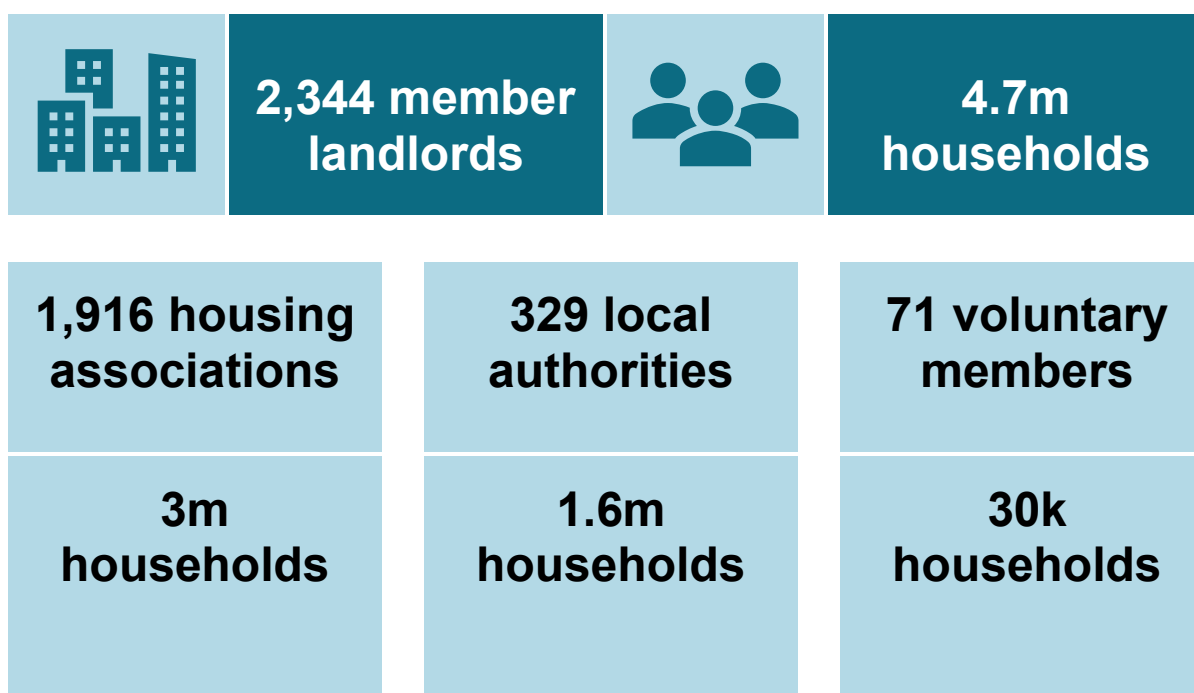
Our service is free to the 4.7 million households eligible to use it.

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 2022



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

Our vision, values and strategic objectives

Our vision

Improving residents' lives and landlords' services through housing complaints

Our strategic objectives

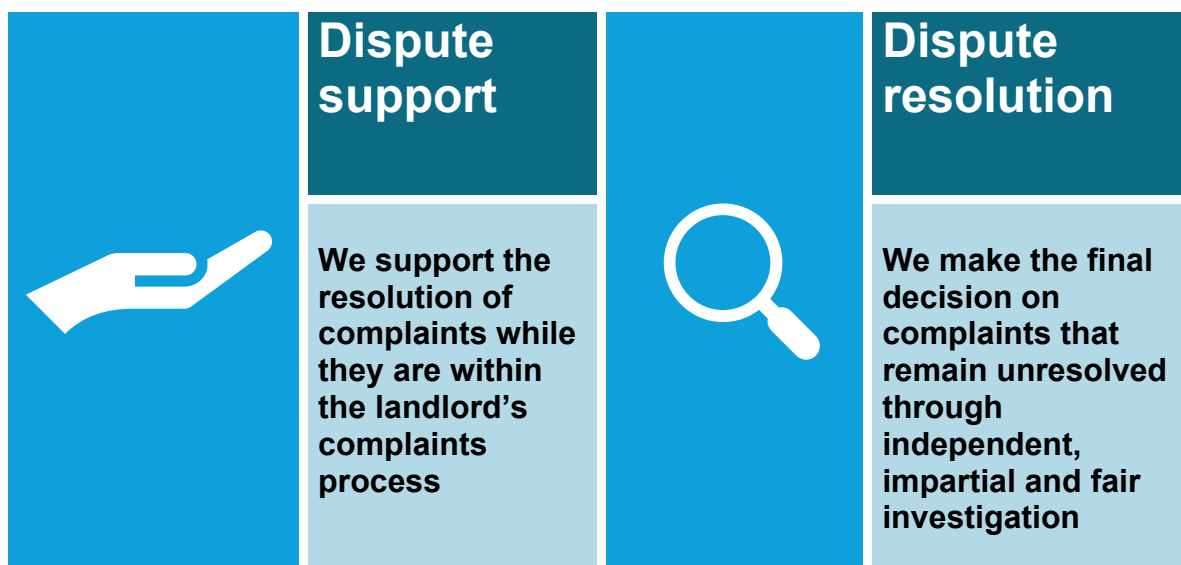
Making a difference – on individual complaints and across the sector

- | | | | |
|---|--|---|---|
| 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 values

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

Our dispute support and resolution process





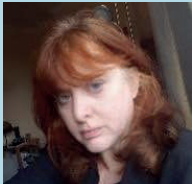
Our work at dispute support and dispute resolution follows our **dispute resolution principles**:

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

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		
	Andrea Keenoy Chief Operating Officer		Emma Foxall Deputy Ombudsman (until 31 December 2021)

	Joyce Adu Director of Dispute Support & Resolution (until 30 June 2022)		Gillian Day Director of Finance & Corporate Services
	Rebecca Reed Head of Insight & Development		Roz D'Cruz Head of Commercial Services
	Jennifer Ryans Head of Dispute Resolution		Verity Richards Head of Dispute Support
	Tracey Hindley Head of HR		Jackie Feeney Communications Manager

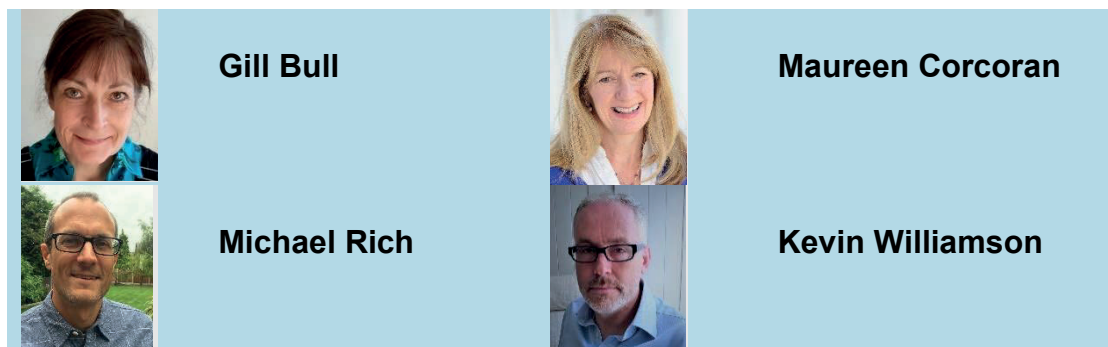
Audit and Risk Assurance Committee

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 (tenure expired 30 Sept 2021)		Tim Leslie Member and Chair (from 1 Oct 2021)
	David Horne Member		Christina Coker Member
	Vikki Lewis Member		

Advisory Board (from 1 October 2021)

The Advisory Board provides support and advice to the Ombudsman and brings an external perspective to assist in leadership, good governance and the development of the organisation. In particular, the Advisory Board provides advice and support to the Ombudsman on the development and implementation of vision, values and objectives; strategic direction and business planning; and public accountability for the subscriptions received.



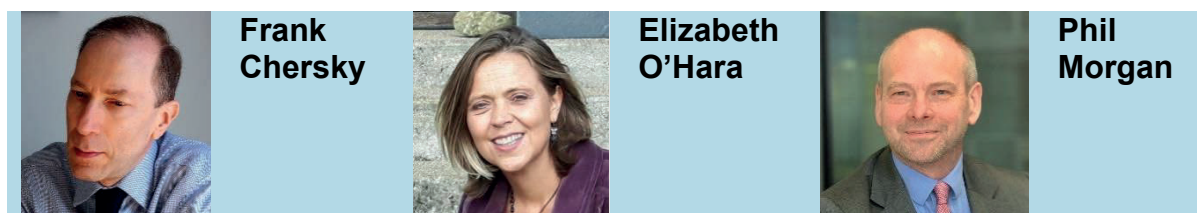
ARAC members of the Advisory Board: Tim Leslie and David Horne

SLT members of the Advisory Board: Richard Blakeway and Andrea Keenoy

Panel of Advisors (until 30 September 2021)

The Panel of Advisors was a forerunner of the Advisory Board, recruited on a stakeholder representative model. See page 42 for further information on the move from the Panel to the Advisory Board.

Resident representatives:



Landlord representatives:



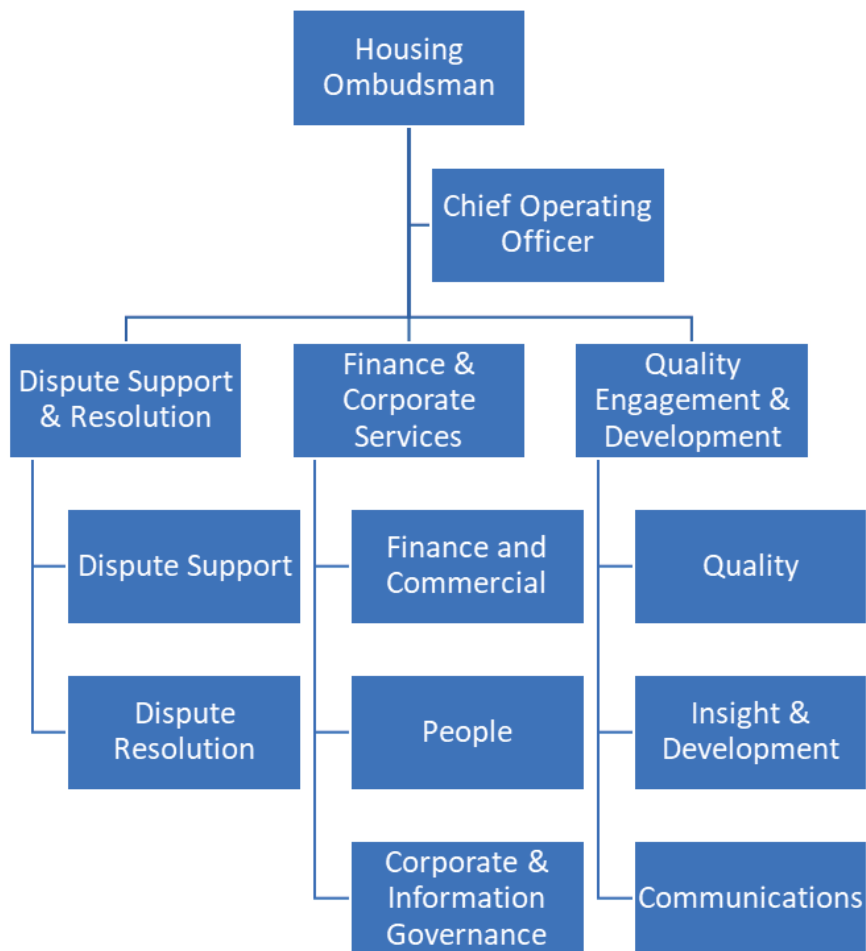
ARAC representatives: Christina Coker and David Horne

Independent Reviewer of Service Complaints

The Independent Reviewer of Service Complaints supports the Ombudsman in learning from complaints about our service to continually improve our performance.



Organisational structure

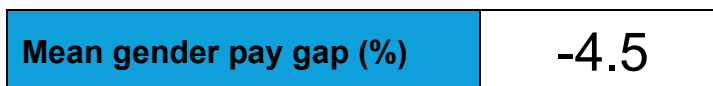


Our people

Gender



Mean (average) gender pay gap using hourly pay



- This year’s average is an improvement on last year’s position of –4%
- The mean gender pay gap is the difference in hourly wage between men and women. A negative percentage reveals that on average male employees have lower pay than female employees. The reverse is true for a positive percentage.

Median gender pay gap using hourly pay



- The median gender pay gap figure is the difference between the hourly pay of the median male and the hourly pay of the median female.

Race and disability

- 24% of the workforce who responded to our Equality and Diversity survey identified themselves as black, Asian, mixed or from other non-white racial groups compared to 13% nationally.
- 15% of our workforce who responded to our Equality and Diversity survey considered themselves to have a disability or health condition, compared to a national average amongst working age adults of 21%.

The year in review

Our work and our organisation

Impact on individual residents



Handled **26,771**
complaints and
enquiries
(up from 16,337 in 20-21)



Made **2,618**
complaint
determinations
(up from 2,185 in 20-21)

48%
of determined cases
upheld



Top **three** areas of
complaint:

1. Repairs: **44%**
2. Complaint handling: **17%**
3. Tenant behaviour: **12%**

Issued **101** complaint handling failure orders

4,569
orders and
recommendations made
(up from 3,455 in 20-21)



Including:

- **2,210** to pay compensation
- **290** to carry out repairs
- **355** to review policy/change process

£619k compensation ordered and recommended for
residents

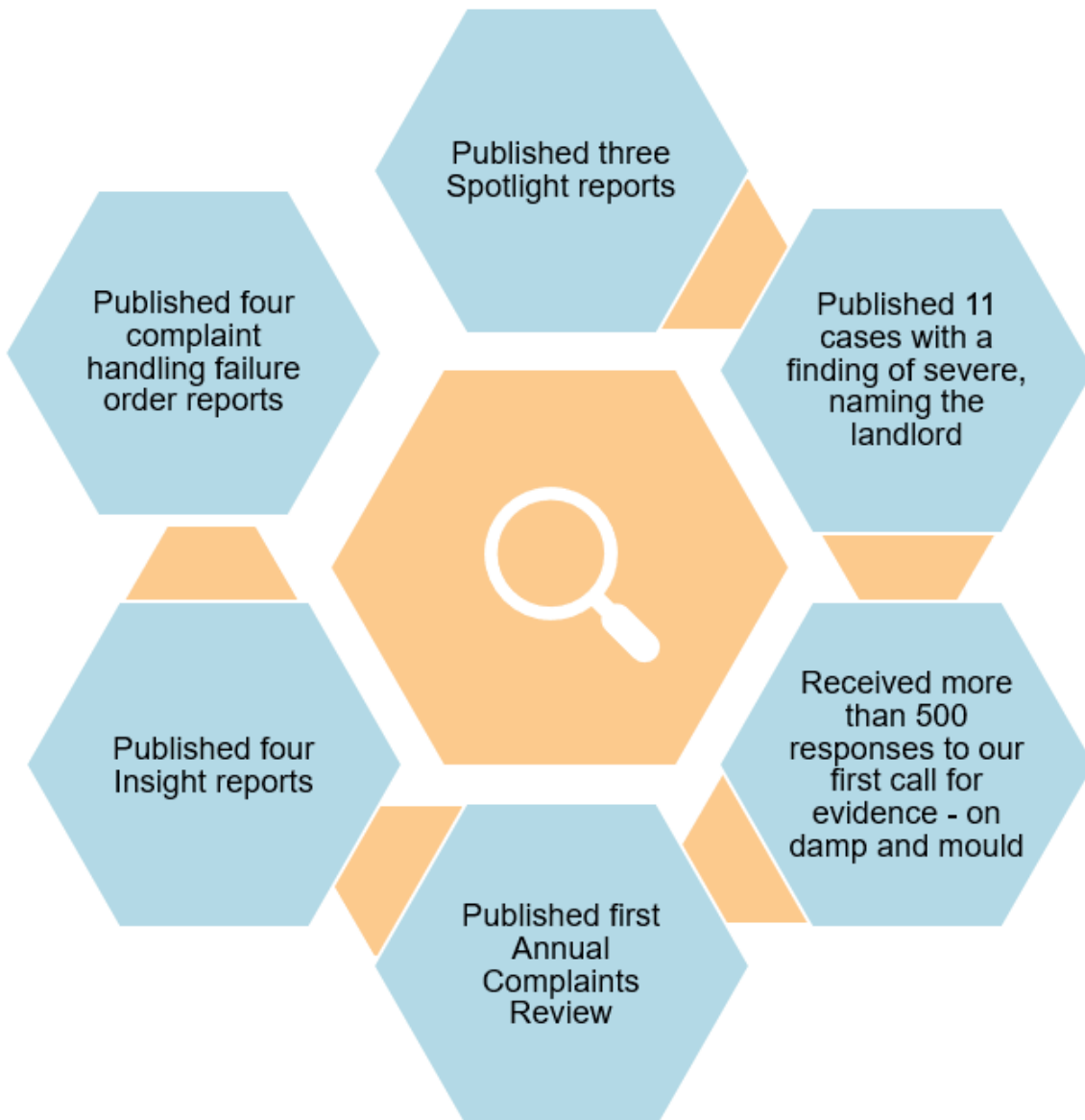


We answered a call every **two minutes**



Impact on the sector

Presented **81** webinars and other training events over the year to nearly **2,300** delegates





1.3 million hits on our website
12,000 downloads of the **Complaint Handling Code**
7,000 downloads of **Spotlight reports**
2,400 downloads of the **Code self-assessment form**
 Launched a **new series of podcasts** – four episodes
 in 21-22

Held **four** Meet the Ombudsman events, hosted by landlords
 Held the first meetings of our new **600** strong **Resident Panel**

93
 landlord performance
 reports published

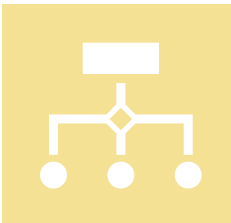


Published nearly **1,800**
 individual decision
 reports



Organisational change

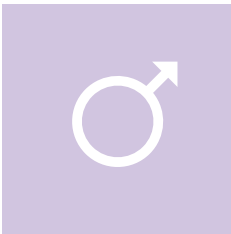
Held **two** all colleague
 virtual half day events



and **fortnightly**
 breakfast briefings
 throughout the year

Increased our headcount by **0.8%** over the year

Our 'mean gender pay
 gap' is **-4.5%**



meaning that on average,
women are paid **4.5%**
 more than **men** per hour



Facilitated a move to **permanent remote
 working** for staff who wanted this

The year in review

A month by month view:



April 2021: We issued our first call for evidence to support a thematic investigation looking at damp and mould.



May 2021: We published a Spotlight report on dealing with cladding complaints, identifying three key lessons for landlords; and our first report on how we used our new power to issue complaint handling failure orders.



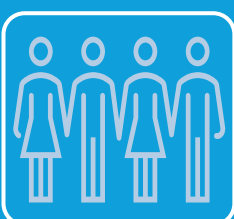
June 2021: Our Insight report covering January to March 2021 showed a significant increase in the number of enquiries and complaints received.



July 2021: We launched our first podcast to provide more insight on casework and share best practice, focused on the impact of the pandemic on complaints.



August 2021: We issued our first survey to Resident Panel members seeking their views on their landlords' complaint handling and awareness of the Ombudsman.



September 2021: We launched a new project to explore accessibility of the complaints system among potentially hard to reach groups.



October 2021: We published our Spotlight report on damp and mould, calling for a zero-tolerance approach by social landlords.



November 2021: We held two Meet the Ombudsman events hosted by landlords, giving their residents the opportunity to put questions direct to the Ombudsman.



December 2021: We started work on developing a new online interactive portal aiming to provide a one-stop-shop for residents and landlords to directly upload information and evidence, and to view the status of their cases.



January 2022: We published three cases with severe maladministration findings, which all shared the lessons learned by the landlords following the decisions.



February 2022: We issued our first report on an individual landlord using our new powers under the Scheme. It followed the volume and frequency of complaint handling failure orders issued and a series of formal investigations.



March 2022: We published our first Annual Complaints Review examining the sector's performance, plus our refreshed and strengthened Complaint Handling Code.

Strategic aims for year

Our 2019-22 corporate plan had the overarching strategic aim of *Making a difference - on individual complaints and across the sector*. Having spent year one designing our new operating model and year two transitioning to it, year three was about realising the benefits of the new model by increasing our efficiency, our transparency and the volume of learning we share with the sector. By realising these benefits during the year we were able to:

- significantly increase the volume of enquiries and complaints handled and the number of formal investigations issued through more efficient casework processes.
- make our work more transparent through the publication of nearly 1,800 determinations on our website, another set of annual landlord performance reports, four Insight Reports and the inclusion of more data analysis in our Spotlight Reports.
- substantially increase the volume of learning we shared with landlords on complaint handling and dealing with substantive issues through Spotlight Reports containing 52 recommendations in total.

Performance appraisal

Our performance continues to go from strength to strength. During the year we significantly increased the volume of our reports and tools that both held the sector to account for its performance, and supported them to improve their services for the benefit of all residents. We also increased the volume of direct awareness raising and engagement activities with residents.

This was achieved while we coped with an unprecedented surge in demand for our service; cases submitted for formal investigation increased by 78% compared to the prior year - resulting in almost two years' of cases arriving in one. This level of growth was significantly greater than any historical experience and, therefore, our planning assumptions for the year.

We believe the largest contributors to this significant growth are the introduction of our Complaint Handling Code, landlords' repairs performance and an increased awareness of complaints procedures as a result of media coverage. The on-going effects of the pandemic will also have played a role.

This growth in demand is a success - more residents are aware of our service, more complaints are being recognised by landlords and these are being dealt with more promptly. But we also recognise there is more to do; consistently residents sharing their stories in the media did not come to us or said they aren't aware of us. During 2022-23, we plan to increase our caseworker resources to meet this and further expected increases in demand. We will also do more to raise awareness of our service.

Performance against our 2021-22 Business Plan commitments is set out below:

Strategic Objective 1: Deliver a fair and impartial service, resolving complaints at the earliest opportunity

Activities:

1. Embed our new operating model and realise the benefits (also applies to SO 1.2)
2. Embed the new Scheme (also applies to SO 1.2)
3. Implement a structured approach to landlord support
4. Publish continued non-compliance with the Ombudsman's orders and consider referral to the Regulator
5. Continue to regularly quality assure a sample of our work at all stages and act on findings



RAG Status:

100%

Strategic Objective 2: Promote positive change in the sector

Activities:

1. Implement a structured approach to landlord support
2. Undertake systemic investigations of individual landlords in accordance with our published framework
3. Engage with our Resident Panel and host at least two full meetings
4. Start to build a comprehensive range of information, tools and training to support learning for residents and landlords
5. Publish four reports/detailed guidance notes across the year
6. Embed the Complaint Handling Code
7. Continue to publish data on the complaints we receive
8. Strengthen our relationship with the Regulator of Social Housing through increased information sharing and referring cases of non-compliance or potential systemic failure in line with our latest MoU
9. Engage with DLUHC and HSE on the development of the Building Safety Regulator
10. Engage with DLUHC and the Regulator to support development of the Access to Information Scheme and develop measures of success



RAG Status:

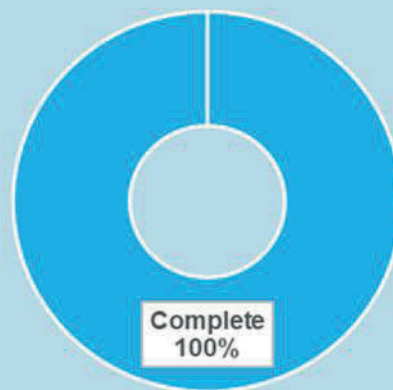
90%

10%

Strategic Objective 3: Provide a service that is professional, accessible, and simple to use

Activities:

1. Undertake activities to raise awareness of our service directly with landlords and residents and in under-represented groups
2. Evaluate webchat and roll out if successful
3. Continue awareness raising work with advice and support agencies and designated persons
4. Continue to engage with other housing redress providers to improve access to redress
5. Gather insight into the customer journey through our Resident Panel, 'Meet the Ombudsman' events and direct landlord engagement
6. Continue to act on customer feedback and complaints to improve our service
7. Continue to invest in our colleagues' learning and development, ensuring this promotes diversity and inclusion
8. Invest in our colleagues' health and well-being and more flexible remote working, particularly in response to Covid-19
9. Understand the costs and benefits of digitising our systems; deploy solutions early where possible



RAG Status:



Strategic Objective 4: Ensure our service is open and transparent

Activities:

1. Continue to publish the Ombudsman's decisions
2. Continue to publish landlord performance reports
3. Continue to publish more data on the complaints we receive
4. Publish the reports of the Independent Reviewer of Service Complaints and our progress in addressing their recommendations
5. Continue to benchmark our service against Ombudsman Association best practice and take action to address areas for improvement



RAG Status:



We have successfully delivered the vast majority of our business plan commitments for 2021-22. The one activity that was not fully delivered in year was the implementation of a structured approach to landlord support. Work has been piloted in this area but implementation was put on hold so that it could be incorporated within the new 2022-25 Corporate Plan intelligence-led approach to dispute support strategic programme.

Particular deliverables to note are:

- The three Spotlight Reports covering cladding, damp and mould, and landlords' engagements with private freeholders and managing agents. These topics were selected due to their impact on residents' lives or challenges to landlords' service delivery and they each made a series of strong recommendations to support sector improvement.
- The three guidance notes produced for landlords' complaint handling teams to provide clear advice in difficult or challenging areas. These covered effective complaint correspondence, dealing with pre-action protocol for housing condition claims and the effective involvement of governing bodies in complaints.
- The refreshed Complaint Handling Code, published in March 2022. The refresh sought feedback from landlords, our caseworkers and our Resident Panel. It clarified provisions where there were differing interpretations and strengthened others, for example, with regard to awareness raising and accessibility.
- The delivery of a further investigation into a landlord to identify wider learning following a series of complaints and high volume and frequency of Complaint Handling Failure Orders which used our new powers. This was published in February 2022.
- The publication of four quarterly Complaint Handling Failure Order reports, identifying landlords who were not meeting the requirements set out in the Complaint Handling Code.

Performance against our KPIs is set out in the table below:

KPI: Casework	2018-19	2019-20	2020-21	2021-22		Trend
	Year-end Actuals			Target	Actual	
Service delivery						
Cases determined within 12 months	100%	100%	100%	99%	100%	Performance maintained ↔
Average time for determination within our formal remit	6.7 months	5.8 months	5.2 months	4.5-4.9 months	4.6	Improvement ↑
Level of compliance with our orders within three months	97%	95%	99%	95%	99%	Performance maintained ↔

Level of compliance with our orders within six months	100%	99%	100%	99%	99%	Performance maintained ↔
Quality assurance reviews find casework was acceptable or better	n/a	n/a	96%	95%	95%	Performance maintained ↔
Increase in page views	n/a	n/a	130%	20%	153%	Improvement ↑
Customer feedback						
Landlords that thought our complaint handling work improved their complaint handling or housing services	n/a	n/a	88%	85%	Insufficient data to report	N/A
Residents whose complaint was upheld and were satisfied with the service provided	n/a	n/a	82%	80%	83%	Performance maintained ↔
Residents whose complaint was not upheld and were satisfied with the service provided	n/a	n/a	56%	60%	60%	Improvement ↑
Landlords that thought our sector development & engagement work improved their complaint handling or	n/a	n/a	99%	85%	98%	Performance maintained ↔

housing services						
Residents that thought our sector development & engagement work was helpful	n/a	n/a	97%	85%	98%	Performance maintained ↔
Residents who thought our advice or assistance was helpful in moving their complaint forward	n/a	n/a	Insufficient data to report	85%	45%	N/A
Residents who were satisfied with the service provided at dispute support	n/a	n/a	Insufficient data to report	85%	60%	N/A

Early in the year, we agreed a revised target range for our average determination case time KPI with our the Department for Levelling Up, Housing and Communities (DLUHC), our sponsor department, increasing this from 3-4 months to 4.5-4.9 months. This target was originally set in 2019, well before we had knowledge of the pandemic, the increased media attention on social housing conditions or the impact our Complaint Handling Code would have. These factors combined to create an unprecedented surge in demand for our service in 2021-22 and made reaching the initial target timescales untenable.

We ended the year at the lower end of the revised range while still achieving our complementary stretching KPIs related to the quality of our casework, high levels of customer satisfaction regardless of outcome and compliance with our orders. This continued the downward trajectory on our average determination case time that we have maintained since 2016-17.

For the first time this year, we obtained sufficient customer feedback to report resident views on our dispute support service, just passing the threshold to be statistically viable (a 3% response rate). Performance here is disappointing and analysis of the narrative responses to both questions indicates much higher resident expectations of our service than we have the power to deliver – at this stage the complaint remains the landlord’s responsibility and we cannot force action or investigate. We believe expectations have been raised as a result of our new CHFO powers and the publication of the Complaint Handling Code.

During 2022-23, we will review all of our resident communications in dispute support to be clear as to what we can and cannot do, and what is their landlord’s responsibility. We will also look at ways to increase response rates further to give a broader perspective.

Risks

The table below summarises the strategic risks that affected delivery of our objectives during the year and the actions taken to mitigate these.

Strategic risk	Mitigating actions
<p>Unprecedented demand affects service performance and delivery</p> <p>The unprecedented surge in demand was significantly greater than any historical experience and planning assumptions. There was a risk that we would not be able to meet the deliverables set out in the Business Plan, our KPI targets for the year and other customer service commitments.</p>	<ul style="list-style-type: none"> • Immediate internal efficiency measures were deployed to remove residual administrative tasks from caseworkers. The triage and evidence gathering team were expanded so these activities could keep pace with demand. • A revised average determination case time target was agreed with our sponsor department of 4.5-4.9 months to recognise the impact the unprecedented surge in demand would have on performance. • Additional budget approval was obtained from our sponsor department to support an increase in temporary staff and outsourcing, funded from reserves. • Further measures to increase the time caseworkers could spend on cases were agreed, including ceasing non-essential project work, non-casework meetings and non-casework training. • Corporate planning sought and received a significant increase in resources to allow us to continue to deliver high quality and timely casework over the next three years. • At year-end, our annual average performance was at the bottom end of the reforecast range. • Temporary recruitment for both us and our outsourced provider proved challenging due to the buoyant market; we both carried vacancies in the second half of the year and not all of the additional budget was spent. This has resulted in a larger opening caseload for 2022-23 than planned.
<p>Our offer is not relevant or valued by stakeholders</p> <p>Our new operating model supports delivery of a greater volume of learning tools for the sector. There was a risk that these would not be</p>	<ul style="list-style-type: none"> • During 2021-22 we strengthened our approach to producing Spotlight Reports to ensure they were relevant, balanced and proportionate. These were: <ul style="list-style-type: none"> ○ Refining our approach to selecting Spotlight topics to focus on those with high resident impact or where landlords faced complexities and challenging relationships in service delivery. ○ Introducing calls for evidence to supplement the evidence base available from our casework. ○ Discussing all draft reports with our Sector Expert Panel, at landlord round tables and with

<p>relevant or helpful to landlords. For residents, there was a risk that we would not be relevant if we did not raise awareness of our service and the difference complaints can make.</p>	<p>our Resident Panel to ensure these are balanced and proportionate.</p> <ul style="list-style-type: none"> ○ Surveying named landlords following the publication of cross-sector reports to understand the impact of our recommendations. ● We increased our range of learning tools by producing podcasts to accompany Spotlight reports for the first time. ● Activities to remain relevant with residents increased significantly. <ul style="list-style-type: none"> ○ A full year of ‘Meet the Ombudsman’ events, including in-person, were held to raise awareness of the service and explain our role directly to residents. ○ We continued to publish landlord learning comments in our severe maladministration reports to demonstrate the difference complaints can make. These reports increased in volume from three in 2020-21 to 11 in 2021-22. ○ We consulted our Resident Panel throughout the year to ensure we captured the resident experience in all of our work and service design. ● By year-end, strong measures were in place to ensure landlord learning is relevant and proportionate. There is more to do to ensure all residents are aware of our service and this will be taken forward as one of the strategic programmes in our new corporate plan.
<p>There is a significant data or cyber security breach</p> <p>We deal with high volumes of personal data. There was a risk that inappropriate or third-party disclosure of residents’ personal information would cause harm to residents and/or reputational damage to our service.</p>	<ul style="list-style-type: none"> ● We increased the frequency of staff training and began regular lunch and learn sessions to raise awareness of data protection and highlight new developments. ● We introduced regular test phishing emails to ensure staff remained vigilant to potential cyber-attacks. ● We increased the accreditation level on our cyber security from ‘essential’ to ‘plus’. ● We completed a MS-backed IT health check which rated us as above average for an organisation of our size. ● We introduced dashboard reporting to the Senior Leadership Team setting out the volume and type of cyber-attacks and nature of DPA breaches to increase senior management awareness. ● Our risk management here is strong. As a result there were no reportable breaches to the ICO and no successful cyber-attacks, protecting our reputation with stakeholders. This risk was downgraded to management through the F&CS Directorate Risk Register at the end of the year.
<p>The workforce loses step with changes needed to deliver</p>	<ul style="list-style-type: none"> ● A comprehensive learning and development plan was produced and delivered covering the whole organisation.

<p>the new operating model</p> <p>New skills and expertise are needed to deliver our operating model. There was a risk that staff lose step with new ways of working, systems developments and digital innovations.</p>	<ul style="list-style-type: none"> • Corporate CIH membership was also introduced to provide all caseworkers with access to a wide range of guidance and updates on housing matters. • Our ‘People programme’ training, focussed on behaviours and core competencies, was commenced and will continue into 2022-23, covering the whole organisation. • Our training allowance was relaunched and allows colleagues to access wider skills development. • The portal implementation plan includes training for all relevant colleagues. • The IT roadmap development included future training needs identified. • We continued to recruit in skills for new areas of work or specialist roles where we could not develop our own staff. • Throughout 2021-22, staff have kept in step with requirements, and this has allowed us to deliver quality outputs across the organisation.
<p>There is a failure to continue to deliver our service</p> <p>We are reliant on outsourced IT systems, suppliers and our employees to continue to operate. There is a risk that a natural or man-made disaster could cause service disruption.</p>	<ul style="list-style-type: none"> • Our business continuity plan was reviewed and updated to ensure it remained fit for purpose and incorporated lessons learned from the pandemic. • All colleagues have been informed of the updated plan via the breakfast briefings and drop-in sessions. • Due to the strength of arrangements in place, this risk was downgraded from the Corporate Risk Register to the F&CS Directorate Risk Register at the end of the year where it continues to be actively reviewed and managed.

At the end of the year, our risk profile shifted to reflect the challenges emerging from our new corporate plan and its new strategic objectives. To deliver the plan and its stretching targets, we need to increase our headcount significantly - from 125.7 FTE at the end of 2021-22 to just over 300 at the end of 2022-23.

SLT conducted a zero-based review of the risk register in March which took into account the Advisory Board’s risk horizon-scanning review. Following assurance at the Audit and Risk Assurance Committee, the following risks were recognised in the April 2022 corporate risk register:

1. Demand on the service continues to increase
2. We fail to achieve the growth and changes need to deliver our new strategic objectives
3. Digital solutions are unable to reach maximum impact on service delivery
4. We miss opportunities to effectively influence landlords, residents and government
5. We lack permanent leadership.

The proximity of some aspects of risk 2 and the entirety of risk 5 were very short-term at the start of the financial year and action was being taken to mitigate these as far as is possible within our sphere control. For risk 2, we set up a cross-organisational recruitment and induction working group tasked with developing a deliverable approach from job role evaluation through to the end of probation, suggesting ways to streamline, increase efficiency and outsource, where appropriate. Risk 5 was our highest-ranking risk at the end of the year. The Ombudsman's contract was extended for a further three years in August 2022. The Governance Statement sets out our risk management framework.

Responding to Covid-19

In common with most organisations, the impact of Covid-19 on service delivery during 2021-22 was reduced compared to the prior year. Our systems continued to support effective homeworking and our focus on colleagues' health and wellbeing remained, for example, through a regular slot in our fortnightly all-colleague breakfast briefings. These also served as a means of communicating corporate messages and promoting our values.

During quarter three, as national infection rates increased, staff absences peaked with 20% of casework staff recording Covid-related sickness absence compared to 6% in the previous quarter. During quarter three 33 days were lost to casework employees recorded as sick due to Covid related illness. This increased in quarter four with 48 days lost to casework staff recording Covid related illness which had an adverse impact on delivery of determinations.

Indirectly related to the pandemic, the buoyant market for temporary staff saw us struggle to recruit sufficient caseworkers to fill vacant posts and begin to expand our workforce. Average caseworker vacancies in quarter two stood at 1.2 full-time equivalent (FTE) posts, moving to 6.3 FTE in quarter three and reaching 8.2 FTE in quarter four.

As a result, of the two factors above, we determined fewer cases than forecast and carried forward a higher than predicted open caseload into 2022-23.

External impacts

While we experienced an unprecedented surge in demand during the year, we do not believe that the main contributory factors for this are related to the pandemic. The introduction of the Complaint Handling Code, landlords' repairs performance and media spotlight are the more significant causes, evidenced by lower growth in demand for other public service Ombudsman Schemes which did not have these factors in play.

During quarter three, we found that the provision of landlord evidence to support formal investigations took longer and required more chasers - 84% of requests received an initial chaser in quarter three compared to 50% in quarter one. In quarter four this was 64%. We believe staff sickness at landlords lay behind this as it was a temporary feature and performance is now back to usual levels.

Adoption of going concern basis for accounts preparation

Our accounts report significant net liabilities (£1.5m) relating to our participation in the Local Government Pension Scheme where our share of the underlying assets and liabilities can be determined. We have a letter of comfort from the Department for Levelling Up, Housing and Communities stating that they will cover pension liabilities should we not be able to meet them, and that our general fund does not need to offset the pension reserve.

Our income recovery has been consistent compared to previous years and we have remained comfortably within our reserves policy requirement of maintaining at least four months operational expenditure in our general fund on a rolling 12-month basis throughout the year. We continue to maintain this position at the date of signature of the accounts and this is reported to the Senior Leadership Team on a monthly basis.

There are no known current or potential changes in legislation or government priorities that would indicate our service is likely to be abolished, instead our remit will be expanded in the future to decide appeals under the new Access to Information Scheme.

Consequently, management have decided that the adoption of the going concern basis of accounts preparation remains appropriate for 2021-22.

Performance analysis

Purpose

This section provides a more detailed view of performance against our key performance indicators and business plan deliverables under each of our strategic objectives.

**Strategic objective 1:
Deliver a fair and impartial service, resolving complaints at the earliest opportunity**



Context

This year saw an unprecedented surge in demand for our service. The volume of requests for formal investigations increased by nearly 80% compared to the prior year and the total volume of enquiries and complaints closed by the service increased by 64%, reaching 26,771 for the year. While the effects of the pandemic will have made some contribution to this, our demand increase outstripped that of other public service ombudsman schemes. Consequently, we strongly believe the unique factors of our Complaint Handling Code, landlords' repairs performance and media attention were the main drivers for this surge.

Despite this pressure, our operating model ensured we were resilient and could continue to deliver a timely, quality, impactful service to residents with high levels of customer service – we answered a call every two minutes and we made a remedy following an investigation every 20 minutes. It also allowed us to manage the risks arising from the surge in demand successfully, as set out in the risks section in the performance overview.

Quality assurance, collection of customer feedback and tracking of compliance with the Ombudsman's orders continued throughout the year to ensure we delivered a good service in all areas despite the pressures arising from high volumes.

	2017-18	2018-19	2019-20	2020-21	2021-22
Complaints and enquiries received	14,445	16,294	14,903	15,914	26,259
Complaints and enquiries closed	14,863	16,833	15,832	16,337	26,771

	2017-18	2018-19	2019-20	2020-21	2021-22
Cases entering our formal remit	1,763	2,217	1,981	2,253	4,001
Number of determinations	1,712	2,214	2,138	2,185	2,618

Embedding our Scheme and the Complaint Handling Code

Our Complaint Handling Code went live on 1 January 2021 and 2021-22 was its first full year of operation. The Code set a universal definition of a complaint and clear timescales within which landlords should deal with these at Stage 1 and Stage 2 of their processes. These had the effects of expanding the volume of complaints recognised by landlords and speeding up the rate at which they flowed through to us. We strongly believe this is the primary reason for the unprecedented surge in demand experienced in 2021-22.

We also asked all landlords to self-assess against the provisions in the Code, to share the results for discussion with their governing body and to publish the final assessment on their website.

Our caseworkers made full use of the Code when conducting their investigations. Where poor complaint handling was identified, this was added to areas under investigation if not already raised by the resident. The requirements within the Code were then used to determine the findings made. This contributed to the rise in findings of severe maladministration this year; of the 30 findings, 11 related to poor complaint handling.

As well as the ability to publish the Code, the new Scheme allowed us to issue Complaint Handling Failure Orders where a landlord was slow to recognise or progress a complaint through its procedure (type 1), slow to provide the evidence requested by the Ombudsman to support their investigation (type 2), or where a landlord fails to comply with its membership obligations (type 3).

Over the year, we issued 76 'type 1' CHFOS, 23 'type 2's and 1 'type 3. We also published quarterly reports, naming landlords who had received a CHFO and identifying whether they had complied with the order or not. The response of named landlords has, overall, been positive with concerted efforts to identify learning and remedy the source of the issues. We share these reports with the Regulator of Social Housing and did not have cause to formally refer a landlord for non-compliance during 2021-22.

Dispute Support

We continued to refine this part of our service the year to enhance its capacity and capability. Our enquiries service answered 92% of calls first time and we responded to 93% of correspondence within three days, despite the significant increase in demand experienced during the year. We have appointed designated mentors to support less experienced colleagues, provided lots of training and guidance to help caseworkers respond immediately and completely to issues raised and we have created a dedicated team to ensure cases can move as speedily as possible from completion of the landlord's complaints procedure to our triage stage.

During the year, we trialled approaches to landlord support within this function. Landlords selected were those with high volumes of CHFOS during the first two quarters of the year and support included regular provision of current caseload information, reviews of landlord policies and procedures, and regular online meetings to discuss progress against agreed actions. The outcomes of this work were positive

and improvements were seen in complaint handling across several of the participants. Our 2022-25 corporate plan recognised the importance of this landlord intervention work and its potential to extend fairness to all residents through improved local complaint handling. As a result, we decided to hold open this business plan deliverable at the end of the year to carry it forward into the related strategic programme for 2022-25.

As in previous years, the most popular categories of complaint received at this stage of our process are property condition, complaint handling and tenant behaviour. There continues to be a slow channel shift in first contact with the service as phone calls slipped to below 50% for the first time, with email and via the website taking a larger share.

Of the enquiries made to our service, 25% were outside of our jurisdiction which is in line with prior years. Where this is the case, we seek to signpost the residents to an alternative Ombudsman scheme or an advice provider. As in previous years, we signposted most frequently to the Local Government and Social Care Ombudsman followed by the Property Ombudsman. Next popular were Citizens Advice, Shelter and Civil Legal Advice indicating a significant proportion of residents in the private sector are seeking redress where none is currently available.

Dispute Resolution

As with dispute support, we continued to refine our processes during the year. In particular, caseworkers made use of the clear expectations set out in our Spotlight Reports to inform their investigations and findings. As a result, the Ombudsman made 13 findings of severe maladministration related to damp and mould.

Complaint categories remained in line with prior years; property condition was the most popular, followed by complaint handling and anti-social behaviour. Property condition complaints increased over the last year, rising from 30% to 34%, with the other categories remained static.

Referrals from designated persons dropped slightly from 9% to 7% of all cases entering our formal remit. Removal of the Designated Person requirements was effected through the Building Safety Act 2022 and came into force on 1 October 2022. We welcome the removal of this barrier that prevented residents from accessing our service directly.

The proportion of cases upheld remained in line with 2020-21 at 48% of cases overall. This breaks down into 1,810 upheld findings out of 4,940 findings investigated (an increase from 1,471 upheld findings out of 3,872 in 2020-21). The average number of findings per case increased from 1.8 to 1.9. We also issued 2,734 orders and 1,835 recommendations with total compensation of £619k. The average number of orders per case upheld (excluding resolved with intervention) increased from 2.0 in 2020-21 to 2.3 in 2021-22. The uplifts to these average figures demonstrate the increasing complexity of our casework – meaning more time is required to investigate all issues that are brought to us and to set out appropriate remedies.

The volume of cases where a review of the Ombudsman’s decision was requested reduced slightly in 2021-22 to 13% from 18% in the previous year. The volume of reviews where the decision was revised as a proportion of total determinations remained consistent at 1%. During 2021-22, the volume of requests for a judicial review of the Ombudsman’s decision reduced to two from six in 2020-21. In total, five applications for judicial review were concluded in-year with none of these progressing to a hearing.

	<p>2,734 orders</p>
	<p>1,835 recommendations</p>
	<p>Total compensation £619k</p>

Future plans and performance

Managing demand on our service will continue to be a key challenge during 2022-23. Not only has the unprecedented surge in the volume of casework received during the year resulted in a larger open caseload on 1 April 2022 than predicted, but the removal of the designated persons requirements will also result in three months’ worth of cases entering our formal remit at the point of removal. On-going increases to demand following this are expected as ‘complaint fatigue’ is reduced, as are increases arising from increased awareness of our service.

Further increases will come from the external environment in which member landlords are currently operating – pressure on repairs budgets as requirements to remediate cladding and to achieve net zero increase, increased merger activity or bringing services back in-house and the change to proactive consumer regulation will be exacerbated by the cost of living crisis and the rent cap.

As a result, delivering a timely, quality, impactful and customer focussed service will continue to be a challenge in 2022-23, particularly as we are also transitioning to a new way of reporting our performance – switching from an average to a maximum time which is fairer and more transparent by giving residents greater certainty about when they can expect an investigation to be completed.

We have plans in place to deal with these issues including a rapid increase in internal resources to allow us to meet the surge in demand already experienced and that is expected in the coming year. We will also expand further our bank of flexible Adjudicators and our outsourced support. Digital innovations will also assist; webchat will enable us to manage more contacts at the front-end of our service and our portal will enable residents and landlords to upload information and get real time updates on the progress of cases.

Strategic objective 2: Promote positive change in the sector



Context

This year saw us realise the benefits of the creation of our Quality, Engagement and Development Directorate which is responsible for delivery of our internal and external learning tools. Using our powers under the Scheme, their work has had significant impact on the sector and in assuring the quality of our casework.

- **2,298 participants in our webinars and other training events**
- **Complaint Handling Code web page views 20,405**
- **2,412 downloads of the Code self-assessment form**
- **Published three Spotlight reports**
- **98% of landlords thought our sector development and engagement work improved their complaint handling or housing services**
- **100% of residents thought our sector development and engagement work was helpful**

Sector learning

We published three Spotlight Reports during year with topics selected for their impact on residents' lives or to assist landlords where complexities and challenging relationships needed to be managed to deliver services successfully.

The first of these was on cladding. This recommended that landlords communicated proactively with residents, provided a clear road map on inspections with timescales, and addressed individual circumstance to exercise discretion where appropriate.

Our second report was on damp and mould. Following the ITV news coverage of the terrible conditions experienced by some social housing residents, we decided to expand our evidence base for this report from our own casebook and data through our first call for evidence. We received 555 responses - 416 from residents and 139 from landlords and sector expert practitioners - which we used to add weight to our findings and recommendations. This report received national news coverage and has been frequently cited. Landlords are using the 26 recommendations to drive their investment programmes, review their policies and report to their own governing bodies.

Our final report for the year looked at managing agents. We highlighted the clash between regulated and unregulated sectors in this area and highlighted the challenges this creates for social landlords in delivering services to their residents. As a result, we called for a standalone regulator to oversee the managing agent sector.

We also produced three guidance notes for the sector in-year: effective complaint correspondence; disrepair claims and the complaints process; and the effective

involvement of governing bodies. Supplementing our reports and guidance, we also continued to host webinars and began to produce podcasts with four published during the year. In total, our spotlight reports have been downloaded more than 7,000 times and our 81 training events have reached more than 2,200 landlord staff and residents.

Complaint handling

We continued to embed our Complaint Handling Code and, in January, began a review one year on. This sought feedback from residents, landlords and our own caseworkers to understand which areas were working well and where further guidance or clarification was needed. Following consultation with the external panel that assured the first Code, a refreshed and strengthened update was published in March 2022. The changes:

- increased the obligations on landlords to raise awareness of the complaints process and the Housing Ombudsman.
- set good practice for a member of the governing body to be identified as having lead responsibility for complaints and for all landlord staff to have a standard objective related to effective complaint handling.
- reinforced the importance of learning from complaints by being explicit that the self-assessment should be completed as an annual exercise.

As well as cross-sector learning, we held individual landlords accountable for potential failings against the Code that would have repercussions for all residents. We did this through our type 3 Complaint Handling Failure Orders where we issued one during the year and brought 29 other landlords into compliance after our initial communication.

Alongside the refreshed Code, we also published our first Annual Complaints Review, accompanied by our annual landlord performance data. This identified the key strategic challenges facing members in effective complaint handling for consideration at governing bodies. These included the need for all landlords to adopt a positive complaint handling culture, the need to increase trust among residents that complaining will make a difference and the need to address the procedural failings which were resulting in high uphold rates in complaint handling – 66% of all complaints about complaint handling were upheld. Operational challenges identified were poor record keeping, high volumes of missed or unproductive appointments, and poor communication with a lack of follow up.

Engaging others

We significantly increased our direct engagement with residents in 2021-22. We held a full set of quarterly Meet the Ombudsman events with the final one being held face to face rather than remotely. We also engaged our Resident Panel on a wide range of issues including the development of our 2022-25 corporate plan and 2022-23 business plan, our customer charter, our portal and our spotlight reports.




We sought to broaden engagement with our work both to raise awareness of the learning it contains for landlords and to show the difference complaints can make to residents. In total, we issued 44 press releases in year and coverage of our work

continues to expand across the housing trade press, and local and regional media. Website visits increased with over 1.3 million page views during the year, compared to 940,000 in 2020-21 and e-newsletter subscribers reached 7,271 by year-end (1,954 on 31 March 2021). Followers on social media grew over the year from 2,022 to 3,179 on Twitter and from 1,522 to 3,156 on LinkedIn.





We continued to build on our strong relationship with the Regulator of Social Housing. We referred 13 cases to them during the year and met regularly to share insight and data. We also began discussions on effective working under pro-active consumer regulation and these discussions will continue into 2022-23.

During the year, we met with the Building Safety Regulator and will continue to meet into the future as this area of regulation develops. In July, DLUHC set up an Access To Information Scheme project group and we were a member of this, attending all meetings, along with officials and representatives from the Regulator of Social Housing.

Landlord feedback on the Complaint Handling Code

	The proactive approach taken by the Ombudsman is very welcome and is a living example of positive role-modelling to the sector.
	It has been fantastic for the Housing Ombudsman to generate this focus across the sector to drive a more positive complaints culture to enhance services to customers.
	We have really appreciated the guidance that the code has provided and the subsequent reporting that has continued to help us embed this good practice.

Feedback from participants in Code webinars

	<p>A better understanding of the Scheme and the Code and that the complaint handling failure order is used as a last resort. They are measures to help, not to punish! (landlord)</p>
	<p>It clarified the direction of travel that the Ombudsman will head in to further improve public housing service provision. (landlord)</p>
	<p>Clear information, clear updates on progress with the Complaint Handling Code. (resident)</p>
	<p>Reference to the landlord's complaints procedure and the necessary input of stakeholders and tenants. (resident)</p>

Future performance and plans

During 2022-23, we will start to develop our Centre for Learning – one of our strategic programmes under our new Corporate Plan. It will champion excellence in complaint handling through an integrated offer, bringing all of our learning tools together in a single, easily accessible portal. It will have content aimed at complaint handlers, executives and those on governing bodies and it will also be tailored by size of landlord.

We also intend to continue to develop our approach to cross-sector learning through innovative approaches to evidence gathering. And we will evolve our Annual Complaints Review to provide more analysis and start to show trends in the data.

Other areas of focus will be reviewing our key casework policies, developing a series of subject-specific guidance notes and continuing to increase the reach of our work.

Strategic objective 3: Provide a service that is professional, accessible and simple to use



Context

The unprecedented surge in demand for our service indicates that awareness of the Housing Ombudsman has never been higher. We have done much to increase awareness of our service over the year - directly with residents and advice agencies and through our increased media profile - and we have taken a number of steps that increase accessibility. We will continue to work in both of these areas over the next corporate planning period as awareness is not consistent across our resident population and there is more we can do to increase access.

- **Held two rounds of Resident Panel meetings**
- **Held quarterly 'Meet the Ombudsman' events, including one face-to-face**
- **We signposted residents on 6,559 occasions to organisations that may help when their complaint was not within our remit.**
- **The top five most signposted organisations were:**
 - **Local Government and Social Care Ombudsman (LGSCO) – 28%**
 - **The Property Ombudsman – 20%**
 - **Citizens Advice – 15%**
 - **Shelter - 12%**
 - **Civil legal aid - 8%**

Awareness

Direct awareness raising continued this year with our webinars and we continued to deliver training through partner bodies such as TPAS. In total, we hosted 11 events, reaching 325 residents. As noted under Strategic Objective two, we also completed our first full set of quarterly Meet the Ombudsman events and held numerous engagements with our Resident Panel to get their feedback on our work and the customer journey.

We engaged with numerous MPs and councillors throughout the year who had taken on cases on behalf of their constituents and have set up a dedicated email address for them to use in contacting us. We intend to build on this work going forward by hosting events to raise awareness of our work and what we can do to support MPs and councillors.

We also met with executives in both Shelter and Citizens Advice, and we have engaged with a wide range of stakeholders to raise awareness of our work. These have included the NHF, CIH, G15, Northern Housing Consortium, RSH, LGSCO, TPAS and G320.

Accessibility

We have increased the access routes into our service during the year. The first way in which we have done this is through the full launch of our webchat service following an earlier trial and successful evaluation. This has enabled our front-end service to cope with higher volumes and phone lines to be freed up for customers who cannot interact digitally or need to speak to someone as part of their reasonable adjustments.

Having assessed the costs and benefits, we built an online portal during the year which will allow landlords and residents to upload information and get real time updates on case progress. This will be launched during 2022-23 and will also divert traffic to digital channels for those who want to engage in this way while further freeing up phone lines capacity.

We also set up an Accessibility Expert Group to advise us on accessibility to both landlords and our own complaints processes. This group contains representatives from TPAS, Age UK, Shelter, Parliamentary and Health Service Ombudsman, Public Service Ombudsman for Wales, BME National, Raven Housing, Poplar HARCA and Westminster University. It met once during the year. It will continue into 2022-23 and provide valuable insights on accessibility issues, particularly for groups who do not use complaints processes as much as others. The first areas we are tackling are older and younger residents who are consistently under-represented in complaints processes compared to other age groups.

We continue to work closely with the Local Government and Social Care Ombudsman to quickly signpost complaints that come to the wrong service and on cases under investigation where it becomes apparent that the complaint has elements that fall into both parties' jurisdictions.

We have also met with the Property Ombudsman and the New Homes Ombudsman and will issue Memoranda of Understanding setting out how we will work together in 2022-23. We will take a similar approach with the Building Safety Regulator, who we have also met, once their approach to regulation is further advanced.

Customer journey

In addition to consulting our Resident Panel on a range of topics and hosting Meet the Ombudsman events as set out in strategic objective two, we have continued to analyse our customer feedback and learn from this. Following analysis in the first half of the year, we identified a number of improvements for the dispute resolution teams including increased resident communication throughout the investigation and training on making effective orders. This resulted in improvements to our customer feedback scores and we finished the year exceeding our stretching KPI targets in this area.



On the dispute support side, feedback was slow to arrive in sufficient volume and analysis was necessarily delayed until later in the year. Actions identified here are to manage resident expectations better as to what we can and cannot do in this part of our service through clearer communication as well as looking at ways to increase response rates overall.



Learning and development

Colleague learning and development was an area of focus during 2021-22. We recruited a HR manager whose role is to lead on developing and implementing a rolling programme of learning and development activities which resulted in a cross-organisational plan being created and delivered. Our organisational development programme, the People Programme, was launched initially for line managers with all staff participation occurring in 2022-23. We also relaunched our training allowance enabling colleagues to broaden their skills outside of their immediate job role. Work will continue in this area throughout 2022-23 as we develop our offer and promote continuous development for all our colleagues.

Diversity and inclusion (D&I) and health and well-being (H&W) continued to be important issues taken forward by colleague-led groups. The D&I group hosted events to mark one year since the murder of George Floyd and black history month as well as celebrated a range of festivals and other events throughout the year. The senior leadership team recognised the importance of health and wellbeing by changing our staff engagement survey to one that recognises colleagues with high wellbeing scores are more likely to be engaged. In response to the survey results, the H&W group led on a number of monthly challenges to encourage physical activity and health eating. Permanent homeworking was also offered to all colleagues during the year, enabling them to better balance their work and home lives, and this was taken up by 77% of our staff.

Feedback from residents

	<p>You were fantastic at helping me and with your help me and my children can be safe and happy. (dispute support)</p>
	<p>I've been so grateful for such a much needed service that has provided assistance and sped up things that could have been forgotten about. There's been well explained information and good listeners. It was really helpful to air the matter. (dispute support)</p>

	<p>[The caseworker's] approach to my sensitive and highly personal past, was treated with dignity and respect. [Their] tone of voice and compassion to my vulnerabilities were a great comfort, as I felt so very alone fighting a big organisation. [Their] determination and recommendations have enabled me to finally have my voice heard. And I can only hope that I will never encounter this kind of situation again. I would like to sincerely thank you, your employees, and everyone involved in helping the voiceless be heard. (dispute resolution)</p>
	<p>It was great to have someone who helped with the difficult situation we were put in with [the landlord]. It helped to have someone who understood what we were going through and how we felt. The service was excellent and since receiving your decision a lot of the outstanding issues have been resolved and we are being treated much better by the housing association. The only issue we had was time scale but understand this year has been a unique one for everyone, as none of us have ever lived through a pandemic. Thank you for all your help and understanding and managing to get [the landlord] to carry out the work they kept putting off. (dispute resolution)</p>

Future performance and plans

Although the high demand on our service this year indicates awareness raising and accessibility efforts have been a success, there is evidently still more to do - many of the residents who shared their experience of terrible housing conditions in the media this year had not chosen to come to us, often because they were not aware. This caused us to designate awareness raising as another of our 2022-25 corporate plan strategic programmes and work on this will begin next year.

Learning and development, under our employer brand strategic programme, will also be a key area of focus for us – both for new colleagues as we deliver our significant expansion, and for existing colleagues as we help them develop their skills and experience.

Strategic objective 4: Ensure our service is open and transparent



Context

Openness and transparency are key tools to shine a light on sector performance and drive positive change. Our transparency has increased significantly over the year as the publication of Ombudsman's decisions reached their first anniversary and we continued with our other transparency documents, meaning a large volume of information is available on our website from which landlords can learn.

- **93 individual landlord performance reports published (5 or more determinations) accompanying the publication of our national complaints overview**
- **Four Insight reports published**
- **1,800 decisions published from 9 March 2021**
- **Independent Reviewer of Service Complaints completed two reports**
- **Annual complaints review completed**

Transparency

By the end of the year, fortnightly publication of Ombudsman's decisions meant the number of cases available on our website and searchable using a range of different criteria reached nearly 1,800. We continued to highlight findings of severe maladministration in each publication batch through dedicated reports which set out the complaint and gave the landlord the opportunity to state what learning it has taken from the case.

We also published our second set of annual landlord performance reports, using these as the bedrock for our Annual Complaints Review which we published in March.

We continued with our quarterly Insight Reports. These provide an analysis of the enquiries and complaints we have received in the related quarter and the decisions we have issued. They have also retained their regional focus by breaking down some of the national figures into data for the region under review and by using case studies from the region to illustrate particular learning points.

Openness

As we hold others to account, so we also seek to hold ourselves to account as transparently as possible. Our Independent Reviewer of Service Complaints published their first two reports this year which identified service improvements based on a sample of complaints about our service received over a six-month period. In agreement with the Independent Reviewer, we have slightly skewed each sample to focus on a particular area where we face challenges so to draw on their

expertise through their recommendations. The first sample looked at managing temporary peaks in demand in our dispute support process and the second at challenging cases where either a single point of contact had been appointed, a request for reasonable adjustments or an alert had been placed on the case. The Independent Reviewer's full reports are available on our [website](#) and we have actioned all recommendations to the agreed timescales.

We have also continued to benchmark our services against the Ombudsman Association's Service Standards to demonstrate we are providing a high quality, efficient and effective service to residents and landlords. The results are summarised in the Annex and we are doing well across all measures.

Finally, we submitted written evidence to the Levelling Up, Housing and Communities Select Committee's inquiry into the regulation of social housing in December 2021. The Ombudsman appeared as a witness before the committee in April, alongside a representative from the Regulator of Social Housing, and called for greater powers to improve complaint handling across the sector. These were supported in the Committee's report.

Future performance and plans

Through our work this year and last, transparency and openness have become business as usual. For this reason, the new corporate plan includes no new or specific actions in relation to this.

Financial review

Subscription income for 2021-22 totalled £10.4m and remained consistent with the prior year. This was expected as the subscription rate remained unchanged at £2.16 and unit numbers were broadly consistent.

Throughout the year, expenditure was managed to ensure value for money. No instances of fraud or error occurred and key financial controls provided full assurance.

Recruitment continued through the year to fill established posts although most vacancies had been filled during the previous year. This resulted in increased staffing costs due to full recognition of annual cost for salaried posts and additional service costs in pensions. This full staffing cost, including pensions and agency staff, resulted in a 35% increase in staff costs, moving from £6.8m to £9.2m. Staff costs in 2022-23 will be higher again to reflect the large expansion required to meet demand.

Administrative expenditure increased by 10% during 2021-22 and totalled £2.2m. This was due to increased expenditure on outsourcing support to meet casework demand and additional support from the call centre provider.

Consequently, the results for the year show a deficit after tax of £1.1m compared to a surplus of £1.6m in 2020-21.

The £3m net actuarial gain on the pension fund includes a £2.7m gain from changes in financial assumptions (the combination of an increase to the discount rate and an increase to both pension and salary growth), and a £0.3m return on scheme assets.

These changes flow through into the pension liability recorded on the Statement of Financial Position, reducing it from £3.2m to £1.5m representing a 53% decrease. In 2020-21, the pension liability was £3.2m (2019/20 £1.9m).

At year-end, the cash balance was consistent with the prior year (£5.2m). The impact of the movements above have resulted in an increase to overall net assets of £1.9m, increasing these to £3.7m from £1.8m in 2020-21. Consequently, we remain a going concern and able to meet all future expected liabilities as they fall due.



Richard Blakeway
Housing Ombudsman and Accounting Officer

13 February 2023

Accountability report

Corporate governance report

Ombudsman's report

Leadership and direction

The 'Who we are' section on page 6 identifies the members of the Senior Leadership Team (SLT), the Audit and Risk Assurance Committee (ARAC) and the Advisory Board (AB). The 'Governance Statement' on page 48 sets out how we are structured to deliver organisational direction and control as a corporation sole under the leadership of the Housing Ombudsman.

During the year, we revised our governance structure to replace the Panel of Advisors with a new Advisory Board, recruited to a skills rather than stakeholder model. This change reflected the increased assurance needs of our organisation as it grows in size and complexity. Since its inception, the Advisory Board has discussed the new corporate and business plans, in-year performance, and the implications of the new Social Housing Regulation Bill. During 2022-23, it will advise on all our expansion plans and strategic programmes, and will continue to monitor performance.

In creating the Advisory Board, we did not wish to lose access to the stakeholder expertise that our Panel of Advisors provided. On 1 October 2021, the majority of its members transferred a new Sector Expert Panel which we have consulted on all draft Spotlight Reports to ensure these are balanced and proportionate. We intend to create expert panels in other areas as the need arises and currently have one advising us on accessibility issues.

On 30 September 2021, the tenure of our Audit and Risk Assurance Committee Chair, Sue Harvey, expired after seven years. Following a recruitment amongst existing members, she was replaced by Tim Leslie.

In the final quarter of the year, SLT completed a self-assessment exercise. This was undertaken to both improve its effectiveness and consider its structure in the light of the upcoming increase to leadership roles under the new corporate plan. After analysing the results, it was agreed to restrict the membership of the SLT to Directors and above. This took effect from 1 April 2022.

A significant leadership activity during the year has been the development of our new corporate plan containing our strategic objectives and strategic programmes. This began in April 2021 with discussions at SLT, involved informal consultations with managers and colleagues, landlords, our Resident Panel and our sponsor Department, and culminated in a formal consultation open to all stakeholders that ran from mid-October to mid-November. Following the consultation, our final corporate plan, year one business plan, three-year subscription rate and year one budget were

submitted to the Secretary of State for approval. This was provided in mid-February 2022.

During 2021-22, we also began to publish the reports of our Independent Reviewer of Service Complaints. Each six-months they review a sample of the service complaints we have received and provide recommendations to help improve our service. The first report was published in June.

As we continued to work remotely throughout the year, maintaining colleague engagement and embedding our values was another area of strong leadership focus. In April, we held our first ever 'HOScars' ceremony where colleagues were recognised by their peers for their continuous demonstration of our values. We also continued our quarterly values focus with themed items and speakers included in our fortnightly breakfast briefings as well as manager-led recognition of team members who have demonstrated behaviours under the value in focus particularly well. Chosen speakers included other Ombudsmen from the United Kingdom and abroad to share how they work and to inspire colleagues about the difference their work can make.

We also held two remote all colleague events which sought ideas to shape key areas of our corporate plan development, for example, our learning academy under our employer brand strategic enabling programme and how we can improve our digital offering.

Influencing current issues

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

During 2021-22 there were many opportunities to contribute to the Department for Levelling Up, Housing and Communities' (DLUHC) development of its Social Housing Regulation Bill. We were invited to participate in many of the working groups supporting the Bill's development and wider activities, for example, sharing views on the Decent Homes Standard and advising on a social housing residents benchmarking survey. The Ombudsman was also a non-executive member of the Department's Social Housing Quality Board, alongside the Social Housing Regulator, which considered the implementation of the Social Housing White Paper and meet on a monthly basis.

In addition to these groups, DLUHC formed an Access to Information Scheme (ATIS) working group in July 2021 with representatives from the Department, the Regulator of Social Housing and the Housing Ombudsman. The group was charged with designing the framework for delivering the scheme, drafting the key documents to support consultations with the sector and preparing the sector for go-live. Monthly meetings continued throughout the year.

In November 2021, the Levelling Up, Housing and Communities Select Committee announced its inquiry into the regulation of social housing. We submitted written evidence before Christmas and the Ombudsman appeared as a witness in mid-April

2022, calling for increased powers in his evidence to enable us to improve complaint handling and housing services across the social housing sector. These were echoed in the Committee's report.

Media coverage shone a light on conditions in some social housing this year. We have used our powers to influence the debate and, after the images of terrible damp and mould were shared with the nation, we expanded our own planned Spotlight Report into this topic to include a call for evidence to supplement the data and resident experiences derived from our casebook. We received over 500 responses from residents, landlord and subject matter experts which helped shape our recommendations and the report gained national news coverage.

Our other Spotlight Reports in 2021-22 highlighted areas where landlords face complexities and challenging relationships in service delivery with the topics covered being cladding complaints and dealing with private managing agents or freeholders. In our cladding report we called for landlords to provide their residents with a clear road map and timelines to inspection, ensure effective communication and to focus on the individual circumstances presented in complaints, exercising discretion where appropriate. Our managing agents report highlighted the challenges posed when regulated and unregulated areas of the housing market meet. In its recommendations, it called for a standalone regulator of the managing agent sector, social landlord collaboration to increase their collective influence with managing agents and for boards to have strategic oversight of their organisation's approach to freeholders and managing agents.

This year also saw the publication of our first Complaint Handling Failure Orders (CHFOs) report where we have used our powers to highlight where landlord complaint handling has not met our Complaint Handling Code. The reports continued on a quarterly basis. During 2021-22, we issued a total of 76 CHFOs where landlords failed to recognise or progress a complaint through their complaints procedure on a timely basis, 23 CHFOs where the provision of evidence to support the Ombudsman's investigation was unduly delayed and one CHFO where the landlord had failed to comply with its membership obligations as set out in our Scheme. These reports gained attention in the trade and local press and, as a result, lead to concerted efforts by landlords to improve their performance.

Finally, we welcomed the introduction of the Building Safety Bill to the Houses of Parliament in July 2021. This removes the 'democratic filter', allowing residents to come directly to us on completion of their landlord's complaints procedure rather than waiting a further eight weeks or requesting referral via a councillor, MP or designated tenant panel. Removal of this barrier is something we have strongly supported as it unfairly disadvantages social housing residents compared to other sectors. The Bill received Royal Assent in April 2022 and these provisions took effect from 1 October 2022.

Working with others in the sector

As in previous years, we continued to work with others to maximise our efforts to provide an efficient and effective service and to shape its development.

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 2021-22, we formally referred 13 complaints to the Regulator. We continued to share the findings from our learning reports and discuss emerging trends and issues of common interest when we meet.

In the Ombudsman sector, we are members of the Ombudsman Association (OA), and the Housing Ombudsman was elected as its Chair in September 2021. As Chair, the Ombudsman has been focused on promoting awareness and understanding of the role of Ombudsman offices amongst government departments, as well as the Service Standards Framework amongst members, attending forums in Ireland and Manchester (with the International Ombudsman Institute). We attend the OA's regular interest group meetings which bring people from common disciplines together to share best practice and provide a discussion forum. These include casework, legal, HR, communications and policy work. We also participate in the Public Sector Ombudsman Group and attended two meetings during 2021-22. The Ombudsman is also a member of the Administrative Justice Council.

We continued to meet regularly with the Local Government and Social Care Ombudsman. Close working on casework continues where complaints have elements that fall into both parties' jurisdictions. During the year we also explored the potential for a single, jointly owned Complaint Handling Code. These discussions concluded positively and we will be working on this, based heavily on our existing Code, during 2022-23.

The Building Safety Bill proposed the creation of both the Building Safety Regulator and the New Homes Ombudsman. During the year we have met with both to discuss joint working and the creation of Memoranda of Understanding to set clearly how this will operate in practice. These meetings will continue throughout 2022-23.

Another area of government-led reform was to create a single front door for all housing complaints through the Redress Reform Working Group. This was put on hold at the advent of the first national lockdown although conversations between the three redress providers - the Housing Ombudsman, the Property Ombudsman and the Property Redress Scheme - and the First Tier Tribunal have continued informally.

Register of interests

The register of interests is available on our website and discloses information for all members of SLT, the Audit and Risk Assurance Committee and the Advisory Board.

In September 2021, the Ombudsman was elected Chair of the Ombudsman Association. In June 2022, he was appointed as a trustee of the British Library.

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 minor lapses due to human error are unavoidable. During the year, no incidents were reported to the ICO.

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 income and expenditure, Statement of Financial Position 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
- prepare the accounts on a going concern basis and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Principal Accounting Officer of the Department for Levelling Up, Housing and Communities 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 HOS's assets, are set out in '*Managing Public Money*' published by the HM Treasury.

As the Accounting Officer, 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's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance statement

Scope of responsibility

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 Department for Levelling Up, Housing and Communities.

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. A corporation sole does 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 the Department for Levelling Up, Housing and Communities 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, is known as the Housing Ombudsman Service (HOS).

Department for Levelling Up, Housing and Communities and Local Government sponsorship and the Framework Document

THO operates in accordance with the requirements set out in a Framework Document agreed with the Department for Levelling Up, Housing and Communities 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.

The Framework Document was agreed in December 2017 with the annexes updated in June 2021, allowing for the replacement of the Panel of Advisors with the Advisory Board and other minor changes to reflect the passage of time.

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

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 are then tested and assured in combination through the Advisory Board, the Audit and Risk Assurance Committee (ARAC), the Department for Levelling Up, Housing and Communities at Accounting Officer meetings, and the sector as part of HOS's 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.

Roles and responsibilities

Advisory Board (see page 8 for membership)

The Advisory Board provides support and advice to the Ombudsman and brings an external perspective to assist in leadership, good governance and the development of the organisation. In particular, the Advisory Board provides advice and support to the Ombudsman on the development and implementation of vision, values and objectives; strategic direction and business planning; and public accountability for the subscriptions received.

As explained on page 42, the previous Panel of Advisors was replaced mid-year by the Advisory Board to ensure the Ombudsman could access robust challenge and support across all operations as the service grows in size and complexity. The former met once during the year in preparation for the change and the latter twice, with all members in attendance to discuss the 2022-25 corporate plan and 2022-23 business plan.

The Advisory Board undertakes risk horizon-scanning at the start of each financial year to feed into the service's zero-based reviews of its risk registers. During the year, it may identify potential areas of risk that it will pass to the ARAC for them to then seek assurance over the management response.

Audit and Risk Assurance Committee (see page 7 for membership)

In making decisions about governance, risk management and internal control, the Ombudsman is assured by the Audit and Risk Assurance Committee (ARAC). The ARAC's terms of reference are set out in the Framework Document. Two members of the ARAC (Tim Leslie and David Horne) are also members of the Advisory Board,

bringing strategic knowledge from that forum to enhance the ARAC's ability to challenge the comprehensiveness and reliability of the assurances it receives.

The ARAC follows a regular meeting schedule. At each meeting, the ARAC takes a deep dive into two areas drawn from either the corporate risk register or assurance maps to review the comprehensiveness and reliability of the related assurances. The ARAC also advises the Ombudsman as Accounting Officer on key accounting policies and the integrity of the Annual Report and Accounts, including management's going concern assessment and examination of the assumptions supporting the pension valuation. It also advises on the internal audit programme for the year and discusses the external audit strategy.

The outcome of the ARAC's assurance activities are recorded in an annual report to the Ombudsman and it conducts an annual effectiveness self-assessment to ensure it remains focussed on the right areas and comprises the right skills.

Five meetings were held during the financial year and all members attended all meetings held during their tenure with the exception of David Horne who could not attend the October meeting.

Senior Leadership Team (see page 6 for membership)

Internally, the Ombudsman is supported by a Senior Leadership Team (SLT) who work with them to set the strategic direction and the framework within which the organisation operates. The SLT meets twice per month, looking alternately at strategic and performance matters and all meetings were quorate.

Strategic matters considered during 2021-22 revolved around the development of the 2022-25 corporate plan. Performance against KPIs and the corporate risk register are reported to each performance SLT and an update from each Director is provided. Other performance matters considered on a quarterly basis are outturn against budget, progress against business plan deliverables and changes to assurance maps. Other key items considered during 2021-22 were the move to a new colleague engagement survey and the action plan to address the results, learning reports on legal cases and service complaints, all internal audit reports and revisions to the Complaint Handling Code and CHFO process. SLT are satisfied with the quality of the data used to inform its decision making as this is quality assured and subject to regular internal audit review. The same data is provided to the Board and ARAC so meets the same quality requirements.

In the final quarter of the year, the SLT completed a self-assessment exercise to both improve its effectiveness and consider its membership given the increase in leadership roles planned under the 2022-25 corporate plan. It was agreed that although SLT was operating effectively, membership should be reduced to Directors and above with effect from 1 April 2022 given the planned increase to the number of head of service roles in 2022-23.

Supporting the SLT are three Directorate Teams (DT) which meet monthly and consider their directorate's performance and risk management before reporting this up to SLT.

The quality of data reported to SLT is considered acceptable as this is drawn directly from source data systems and is first reviewed by Directorate Teams. Supporting reports are available to provide an audit trail.

Risk management

Risk management is active and embedded throughout the organisation. The key risks are detailed in the Performance Report (page 27). HOS's approach is documented in our risk management policy which complies with the latest version of HM Treasury's *Orange Book: Management of Risk - Principles and Concepts* and is reviewed annually alongside our risk appetite.

For each risk, the controls currently in place to manage them and future planned mitigations with due dates are captured. Sources of assurance over the risk and the frequency of that assurance activity are also identified. Each risk is then scored based on an impact and likelihood assessment to give both an inherent and post-control risk rating. Target ratings are also identified in line with our risk appetite to indicate whether a risk is over or under controlled. Each risk is assigned a manager and an owner who are responsible for its management and reporting.

Operational risks are assured at the monthly DT meetings. Where necessary, they are escalated to SLT for consideration as to whether they should be included in the corporate risk register. At each SLT meeting, the corporate risk register is reviewed with changes highlighted for more focussed discussion.

Before the start of each financial year, SLT undertakes a zero-based review of the corporate risk register, considering challenges to the delivery of strategic objectives and business plan commitments, the external operating environment and directorate risk registers. For 2022-23, this also included input from the Advisory Board.

Risk management is enhanced by our assurance maps. For each activity/function with the organisation, the map identifies the sources of assurance available in each of the lines of defence, the frequency of that assurance, where this is reported and any related operational or corporate risks.

Each year, we use the risk registers and assurance maps to inform the proposed internal audit programme, targeting areas that are high risk, low assurance or that have not been audited for some time.

Internal control

Each director is responsible for ensuring appropriate internal control within their portfolio. HOS has continued its approach of cyclically reviewing its policies and guidance to update for external changes, best practice and lessons learned. In addition, this year we also completed our review all Dispute Support and Resolution policies following the introduction of our operating model and to support the significant expansion that will come in 2022-23. We also agreed to increase the review frequency of the risk management, whistleblowing, anti-fraud and anti-bribery policies to annual.

All new policies and policy updates are approved by SLT. In all, ten corporate policies were reviewed and approved, along with our four primary operational policies within the Dispute Support and Dispute Resolution services.

The internal audit programme is linked to the key risks facing the organisation during the year to provide assurance over the controls in place to manage these. The 2021-22 internal audit programme encompassed six planned audits: Key Financial Controls; Casework Evidence Gathering; Learning and Development; Systemic Investigation; and Performance Management Framework (parts 1 and 2). During the year, the Systemic Investigation audit was replaced with an audit looking at the implementation of Oracle system and opportunities to further improve internal controls.

We received substantial assurance over the key financial controls review and moderate assurance over learning and development, the performance management framework and the Oracle finance system reviews. The report on casework evidence gathering was advisory. This looked at opportunities to increase the speed of evidence gathering, improvements to our website, and development of our policies and procedures.

The Oracle audit was commissioned to understand what further benefits we could realise from the system; the resultant rating did not indicate control weaknesses, rather that controls were operating less efficiently outside of the system. Learning and development and the performance management framework were subject to changes in-year and the ratings reflect where we are on our change journey.

The audits provided management with feedback on areas for potential improvement, reflecting best practice in similar organisations. In total, we received 18 recommendations of which three were rated as high, 10 as medium and five as low. We are on track to implement all recommendations by their target dates. The three 'high' recommendations received were in relation to the internal audit into the Oracle Financial System around system functionality, reporting and user access and have all been addressed.

The weakness in the reliance on controls within the finance system, identified as part of the 2020-21 external audit, also carried forward into the 2021-22 financial year as it was identified in August 2021. Remedial action was taken immediately to strengthen controls within the Oracle system and full reporting to track activity was made available. As was the case for last year's audit, the auditors have sought and obtained alternative assurances, and these continue to provide sufficient assurance and support an unqualified audit opinion. We are content that there has been no fraud, error or other losses as a result of this potential risk.

Reviewing effectiveness

Risk management is assured at ARAC meetings. At each meeting, the ARAC receives the latest corporate risk register and assurance maps. As well as reviewing these, it also undertakes a deep dive into two areas from these documents, as noted above.

Following the creation of the Advisory Board, the ARAC provided assurance to the Ombudsman over management's zero-based review of the corporate risk register - informed by the Advisory Board's horizon-scanning - the organisation's risk appetite and the risk management policy for the first time. This will now become an annual item.

The ARAC receives all reports from the internal and external auditors and tracks the implementation of management actions to agreed dates. It uses this information to assure the Ombudsman on the strength of internal controls and the appropriateness of governance.

The ARAC also receives the Annual Report and Accounts, advising on the content of the governance statement for the year and commenting on the integrity of document as a whole.

Sources of assurance

In preparing this Governance Statement, the Ombudsman has been informed by:

- the annual report from the ARAC to the Ombudsman as Accounting Officer setting out its opinion on the effectiveness of governance, risk management and control. This 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 gave a moderate assurance opinion
- the NAO's audit completion report and management letter
- the outcome of quarterly Accounting Officer meetings with the Department for Levelling Up, Housing and Communities
- the assurance statement from the Chief Operating Officer to the Ombudsman as Accounting Officer setting out the effectiveness of governance, risk management and control within HOS during the year
- the corporate risk register and the assurance maps.

Conclusion on governance, risk management and internal control

The systems set out above have been in place for the year under review and up to the date of the approval of the Annual Report and Accounts.

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

The key challenges for 2022-23 will be continuing to improve our performance alongside a significant expansion to our headcount while maintaining our culture as we move to permanent hybrid working.

Remuneration and staff report

People and organisation:

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 76-81 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.

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.

During 2021-22 the performance management framework was adjusted to be one of continuous performance review (CPR) which saw the former regime of half-yearly and annual appraisals replaced with monthly reviews to ensure that colleagues received adequate support from their managers and opportunities to develop were capitalised upon with a final annual summary review being provided at the end of the year.

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 7 and 8 are not senior managers of HOS.

Single total figure of remuneration and pension disclosures 2021-22 (subject to audit)

	Notes	Single Total Figure of Remuneration				Pension Entitlement Details				
		Salary and fees	Pension benefits	2021-22 Total	2020-21 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
Ombudsman & Senior Managers		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)		115,000-120,000	34,000	150,000-155,000	150,000-155,000	0-2,500 -	5,000-10,000	38,000	64,000	11,000
Andrea Keenoy (Chief Operating Officer)		95,000-100,000	25,000	120,000-125,000	125,000-130,000	0-2,500 -	10,000-15,000	124,000	151,000	13,000
Rosalind D'Cruz (Head of Commercial)	1	65,000-70,000	N/A	65,000-70,000	80,000-85,000	N/A	N/A	N/A	N/A	N/A
Emma Foxall (Deputy Ombudsman, retired on 31/12/2022)	2	50,000-55,000	391,000	445,000-450,000	100,000-105,000	17,500-20,000 -	40,000-45,000 -	342,000	914,000	556,000
Joyce Adu (Director of Dispute Support & Resolution)		80,000 – 85,000	12,000	95,000-100,000	155,000-160,000	0- 2,500 -	25,000-30,000	386,000	417,000	12,000
Jennifer Ryans (Head of Dispute Resolution)		65,000 – 70,000	17,000	80,000-85,000	85,000-90,000	0-2,500 -	5,000-10,000 -	73,000	87,000	5,000
Jackie Feeney (Communications Manager)		50,000-55,000	14,000	65,000-70,000	65,000-70,000	0-2,500 -	5,000-10,000 -	82,000	101,000	12,000
Tracey Hindley (Head of Human Resources)		60,000 – 65,000	18,000	80,000-85,000	85,000-90,000	0-2,500 -	0-5,000 -	42,000	60,000	9,000
Gillian Day (Director of Finance & Corporate Services)		80,000-85,000	17,000	100,000-105,000	20,000-25,000	0-2,500 -	0-5,000 -	5,000	23,000	9,000
Rebecca Reed (Head of Insight and Development)		65,000-70,000	20,000	85,000-90,000	35,000-40,000	0-2,500 -	0-5,000 -	5,000	18,000	6,000
Verity Richards (Head of Dispute Support)	3	65,000-70,000	20,000	85,000-90,000	N/A	0—2500 -	0-2500 -	N/A	12,000	5,000

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

1. Rosalind D'Cruz is not a member of the Local Government Pension Scheme.
2. Emma Foxall retired as Deputy Ombudsman on 31 December 2021.
3. Verity Richards was appointed Head of Dispute Support on 1 April 2021.

Single total figure of remuneration and pension disclosures 2020-21(subject to audit)

	Notes	Single Total Figure of Remuneration				Pension Entitlement Details				
		Salary and fees	Pension benefits	2020-21 Total	2019-20 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
Ombudsman & Senior Managers		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)		115,000-120,000	34,000	150,000-155,000	90,000-95,000	0-2,500 -	0-5,000 -	14,000	38,000	11,000
Andrea Keenoy (Chief Operating Officer)	1	95,000-100,000	28,000	125,000-130,000	175,000-180,000	0-2,500 -	10,000-15,000 -	95,000	124,000	16,000
Rosalind D'Cruz (Head of Commercial)	2	80,000-85,000	N/A	80,000-85,000	80,000-85,000	N/A	N/A	N/A	N/A	N/A
Emma Foxall (Deputy Ombudsman)		80,000-85,000	19,000	100,000-105,000	170,000-175,000	0-2,500 -	20,000-25,000 10,000-15,000	306,000	342,000	19,000
Joyce Adu (Director of Dispute Support & Resolution from 01/08/2020, previously Director of Dispute Resolution)	3	75,000 – 80,000	78,000	155,000-160,000	125,000-130,000	2,500-5,000 2,500-5,000	25,000-30,000 20,000-25,000	305,000	386,000	64,000
Jennifer Ryans (Head of Dispute Resolution)		65,000 – 70,000	18,000	85,000-90,000	25,000-30,000	0-2,500 -	5,000-10,000 -	59,000	73,000	7,000
Jackie Feeney (Communications Manager)		50,000-55,000	15,000	65,000-70,000	95,000-100,000	0-2,500 -	5,000-10,000 -	63,000	82,000	13,000
Tracey Hindley (Head of Human Resources)		65,000 – 70,000	18,000	85,000-90,000	80,000-85,000	0-2,500 -	0-5,000 -	27,000	43,000	9,000
Gillian Day (Director of Finance & Corporate Services from 01/03/21)	4	5,000-10,000	11,000	20,000-25,000	N/A	0-2,500 -	0-5,000 -	N/A	5,000	5,000
Rebecca Reed (Head of Insight and Development from 1/11/2020)	5	25,000-30,000	8,000	35,000-40,000	N/A	0-2,500 -	0-5,000 -	N/A	5,000	2,000

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

1. Andrea Keenoy was appointed as Chief Operating Officer on 01 July 2020. Previously she had held the post of Interim Chief Operating Officer.

2. Rosalind D’Cruz’s temporary acting-up appointment to the role of Interim Director of Finance and Corporate Services ceased on 31 March 2021 following the appointment of a permanent post-holder with a hand-over period of one month. She resumed her substantive role as Head of Commercial Services on 1 April 2021.
3. Joyce Adu was promoted to the role of Director of Dispute Support and Resolution on 1 August 2020. Previously to that she held the post of Director of Dispute Resolution. Her FTE salary is in the band £80-85k.
4. Gillian Day was appointed to the role of Director of Finance and Corporate Services on the 1 March 2021. Her FTE salary is in the band £80-85k.
5. Rebecca Reed was appointed to the role of Head of Insight and Development on 1 November 2020. Her FTE salary is in the band £65-70k.

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

Explanation of terms used in the Remuneration and staff report

Salary

‘Salary’ includes gross salary; overtime; and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by HOS and thus recorded in these accounts.

Cash equivalent transfer values (CETVs)

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement that the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax that may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

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 lower quartile, median and upper quartile remuneration of the organisation's workforce. Agency staff have been excluded from this calculation.

	2021-22	2020-21
	£	(restated)
		£
Band of highest paid individual's remuneration*	115,000-120,000	115,000-120,000
% change in salary & allowances	0%	0%
% change in performance pay & bonuses*	N/A	N/A
Upper quartile remuneration of staff**	52,779	54,833
Median remuneration of staff*	46,297	46,601
Lower quartile remuneration of staff*	36,588	36,588
Employees –		
Average % change in salary & allowances	0%	N/A
Average % change in performance pay & bonuses*	N/A	N/A
Ratio between lower quartile remuneration and mid-point of banded remuneration of highest paid individual	3.2:1	3.2:1
Ratio between median remuneration and mid-point of banded remuneration of highest paid individual	2.5:1	2.5:1
Ratio between upper quartile remuneration and mid-point of banded remuneration of highest paid individual	2.2:1	2.1:1
*No staff receive performance pay or bonuses		
**Salaries are annualised staff remuneration		
The range of annualised staff remuneration (excluding the Housing Ombudsman)	24,000-100,000	24,000-100,000

In 2021-22, nil employees received remuneration in excess of the highest-paid director (2020-21: nil).

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

The fall in median remuneration reflects the small increase in staff at lower pay scales than higher ones following our change programme.

Staff costs (subject to audit)

	Permanent staff	Temporary staff	2021-22 Total	2020-21 Total
	£'000	£'000	£'000	£'000
Wages and salaries	5,022	1,164	6,186	5,281
Social security costs	562	-	562	422
Pension service costs	2,546	-	2,546	1,126
Total Costs	8,130	1,164	9,294	6,829
Cost of Secondments into HOS			-	-
Recoveries in respect of outward secondments	(77)		(77)	(72)
Total Costs	8,053	1,164	9,217	6,757

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.

A 2019 triennial review has been undertaken to set contributions for the period from 1 April 2020 to 31 March 2023. The actuary recommended an employer's contribution rate of pensionable salaries for THO as follows:

Year Ended 31 March	Contribution Rate %
2021 onwards	27.6%

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 an employee of HOS.

HOS had nine employees (excluding the Housing Ombudsman) classified as senior managers during the year as detailed in the Remuneration Report. HOS had a full time equivalent total of 120.8 staff in post as at 31 March 2022, of which 71 were female and 50 male.

Staff numbers (subject to audit)

The average full-time equivalent (FTE) number of employees (including part-time employees, agency workers, and secondees) during the year was 119.2 (20-21: 93.7), engaged in the following duties:

	Average No. of Permanent Staff FTE	Average No. of Seconded in Staff FTE	Average No. of Temporary Staff FTE	Total HOS Staff March 2022 FTE	Total HOS Staff March 2021 FTE
Ombudsman	1.0	-	-	1.0	1.0
Dispute Support & Resolution	69.2	-	25	94.2	81.2
QED	13	-	-	13	11.5
Finance & Corporate Services	17.5	-	-	17.5	17
Total				125.7	110.7

Staff Turnover

	2021-2022	2020-2021
Permanent Staff	13.6%	7.5%

Sickness absence

During the year employee sickness levels were recorded as 3% in respect of short-term sickness and 1% in respect of long-term absence.

People strategy and staff policies

The most significant staffing activities in-year were supporting the transition to permanent home worker status and UK wide recruitment. Following a successful home working trial in quarters two and three last year, HR revised the home working policy to provide colleagues with the opportunity to have contractual 'home worker' status. The majority of the workforce have opted for this remote style of working and a permanent variation to their contract of employment will be made in quarter 1 of 2022–23. As a result, the organisation's workforce is spread throughout the UK and we have access to a national recruitment pool. This increases the likelihood of a successful expansion and also expands the diversity of our colleagues.

Internal colleague opportunities included promotion, secondment, acting up, and temp-to-perm opportunities. Altogether nine staff were promoted or acted up, and 15 new permanent colleagues joined us. In addition, 35 colleagues successfully completed their probation.

The staff engagement survey took place in October 2021 with a focus on wellbeing. The results of our 'Healthy Place to Work' colleague engagement survey reflected our focus on wellbeing throughout the pandemic, and the focus on maintaining the organisation culture during lockdown. Results showed strong interpersonal relations between colleagues, a sense that the organisation 'really cares', and colleagues recognising the support on offer from peers, managers, and business leaders. There were areas to focus on, in particular, the survey results highlighted employees' perception of their physical wellbeing requiring improvement. The Health and Wellbeing group has been instrumental in rolling out health initiatives to help staff improve their physical health for example a steps challenge carried out in small groups to promote activity and collaboration. The organisation has also taken further steps in response through the procurement of a new annual health check provider.

Our main focus for 2022-23 will be on the extensive recruitment project which encompasses all business areas and is required to meet the demand for the service. Over the year, we will recruit an additional 171 colleagues across 45 different roles. Within the expansion, 143 of these vacancies fall within the Dispute Support & Resolution directorate. A working group has been established to plan and deliver the recruitment and induction for the new workforce and to date we have had a highly positive response to the roles advertised. To ensure we deliver the expansion we have now appointed a dedicated Recruitment Manager and Recruitment Officer.

We recognise the continued need to maintain the HOS culture and promote engagement throughout the organisation during this expansion. This will be achieved through continuous communication using breakfast briefings, the intranet and Yammer, and through regular online and in-person events with a focus on values, staff development and wellbeing.

The focus on learning and development remains key and a rolling programme of training and support will promote and encourage continuous development for our existing and new colleagues. This will be enhanced further in 2022-23 as we develop a virtual academy, an accreditation offer and explore the creation of an apprenticeship programme.

Gender

Amongst our permanent staff, 61% of colleagues are female and 39% are male.

The table below shows that 72% of the colleagues in the upper earnings quarter are female. The lowest quarter is also predominately female at 68%.

Our 'mean gender pay gap' is -4.5%, meaning that, on average, women are paid 4.5% more per hour than men.

There is no difference between the median male and median female employee's hourly rate as shown in the 'median gender pay gap' table (page 10).

Percentage of men and women in each hourly pay quarter 2021 - 2022

% in each quarter	Upper (%)	Upper Mid (%)	Lower Mid (%)	Lower (%)
M	28%	44%	52%	32%
F	72%	56%	48%	68%

Equality, Diversity and Inclusion

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 in which 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. This is demonstrated through the 21 recruitment campaigns we ran in 2021-22; of the successful candidates, 58% were female, 25% identified as BAME, and 25% self-identified as other than heterosexual.

We ensure there is equality of access to employment opportunities for people with disabilities including making any reasonable adjustments for applicants to ensure they can give their best in the selection process. We also agree reasonable adjustments for existing employees who disclose or become disabled during their employment. As part of our commitment to equality and diversity we are part of the Disability Confident employer scheme, meeting – and exceeding where possible – the standards set out by the scheme. As an organisation we will always strive to be fully inclusive and will continue to embed these values into our operations, culture, and strategy. To ensure fairness we now operate a blind recruitment process to eliminate any potential unconscious bias and ensure that opportunities are available to all candidates whether within our existing workforce or external to our service.

Our Diversity and Inclusion Group (DIG) continues to meet regularly and provide information and events to promote diversity and inclusivity at HOS. Following the impact of Black Lives Matter in 2020, on the one-year anniversary, the DIG held an open forum for all employees to discuss their lessons and experiences over the previous year. The DIG continues to promote diversity and inclusion within the Housing Ombudsman Service, celebrating national awareness events such as Black History Month and Pride month.

Expenditure on consultancy

HOS did not incur any consultancy costs for off-payroll staff during 2021-22 (2020-21: nil). In 2021-22, we paid £23k one company to assist with the development of HOS's IT strategy.

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 2022 (2020-21: none).

No. of new engagements, or those that reached six months in duration, between 1 April 2021 and 31 March 2022	0
of which.....	
No. assessed as caught by IR35	0
No. assessed as not caught by IR35	0
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.	0
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 2021 and 31 March 2022:

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
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.	3

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

Reporting of exit packages (subject to audit)

There were no exit packages in 2021-22 (2019-20 and 2020-21: nil).

Parliamentary Accountability and Audit Report

Regularity of expenditure (subject to audit)

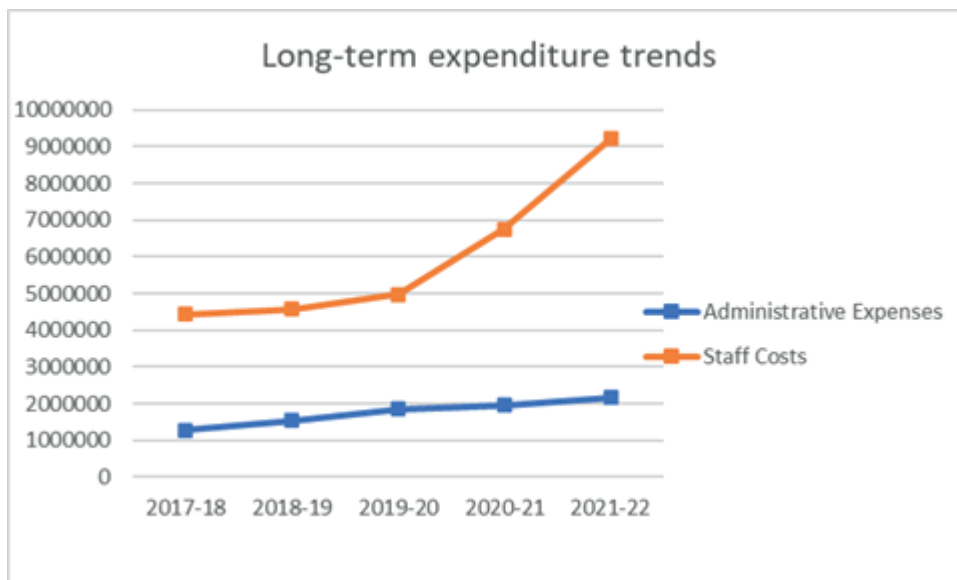
There were no losses, special payments or gifts during 2021-22 that require disclosure in the Annual Report and Accounts.

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 2021-22 was £2.16 per housing unit (2020-21: £2.16) and this is prorated if a member joins during the year. The total income received in the year from subscriptions was £10.4m (2020-21 £10.4m).

Long-term expenditure trends



During 2021-22 we consolidated our position with an increased workforce and as a result staff costs increased on 2020-21 when recruitment was still taking place. In addition, pension costs increased significantly due to the higher service costs resulting in total staff costs moving from £6.8m to £9.3m. Administrative costs increased by around £200k reflecting greater use of outsourcing to meet demand for the service.

Overall staff costs increased by 36% and administrative expenditure saw an increase of 10%. The resulting year end deficit after tax of £1.1m (2020-21: surplus of £1.6m) is attributable to these change in pay and non-pay costs. The 2022-23 year will see significant growth in both income and expenditure with the new subscription rate of £4.60 funding the expansion in our workforce needed to meet demand.

Remote contingent liabilities (subject to audit)

There are no remote contingent liabilities (2020-21: none).

Auditor remuneration (subject to audit)

The audit fee for 2021-22 is £54,000 (2020-21: £36,750). No remuneration was paid to the auditors for non-audit work.



Richard Blakeway
Housing Ombudsman and Accounting Officer

13 February 2023

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 2022 under the Government Resources and Accounts Act 2000.

The financial statements comprise The Housing Ombudsman's

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

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 2022 and its deficit after taxation for the year then ended; and
- have been properly prepared in accordance with the Housing Act 1996 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law 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 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of The Housing Ombudsman in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that The Housing Ombudsman's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on The Housing Ombudsman's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for The Housing Ombudsman is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Housing Act 1996.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Housing Act 1996; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

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 material misstatements in the Performance and Accountability Report.

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

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by The Housing Ombudsman 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 subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

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:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;

- internal controls as Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing The Housing Ombudsman's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by The Housing Ombudsman will not continue to be provided in the future.

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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of The Housing Ombudsman's accounting policies;
- Inquiring of management, The Housing Ombudsman's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to The Housing Ombudsman's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including The Housing Ombudsman's controls relating to The Housing Ombudsman's compliance with the Government Resources and Accounts Act 2000, the Housing Act 1996 and Managing Public Money;
- discussing among the engagement team and involving relevant external specialists, including in relation to pensions, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within The Housing Ombudsman for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and revenue recognition. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of The Housing Ombudsman's framework of authority as well as other legal and regulatory frameworks in which The Housing Ombudsman operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of The Housing Ombudsman. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, the Housing Act 1996, Managing Public Money, Employment Law and Pensions Legislation.

In addition, I undertook specific risk assessment procedures performed relating to fraud, non-compliance with laws and regulations and regularity including: risk-based review of manual journals to identify those presenting a higher risk of fraud, informed by planning risk assessment; review of estimates presented within the accounts and an analysis of income to address the potential risk of fraud in revenue recognition.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Senior Leadership Team and internal audit reports;

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- ensuring that income charged is in accordance with the fee approved by the Secretary of State.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

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.

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.

Report

I have no observations to make on these financial statements.

Gareth Davies

Date

14 February 2023

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 2022

	Notes	2021-2022 £'000	2020 - 2021 £'000
Revenue			
Subscriptions		10,351	10,353
		<u>10,351</u>	<u>10,353</u>
Expenditure			
Administrative expenses	2a	(2,175)	(1,967)
Staff costs	2b	(9,217)	(6,757)
Surplus/(Deficit) from Operations		<u>(1,041)</u>	<u>1,629</u>
Interest receivable/(payable)	3	<u>(53)</u>	<u>(15)</u>
Surplus/(Deficit) before taxation		<u>(1,094)</u>	<u>1,614</u>
Taxation	4	<u>(3)</u>	<u>(3)</u>
Surplus/(Deficit) after taxation		<u>(1,097)</u>	<u>1,611</u>
Other comprehensive income			
Net actuarial gain/(loss) on pension fund	14c	2,995	(1,113)
Total Comprehensive Income		<u><u>1,898</u></u>	<u><u>498</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 76 to 89 form part of these financial statements.

Statement of Financial Position as at 31 March 2022

	Notes	2021 - 2022	2020 - 2021
		£'000	£'000
Non-current assets			
Property, plant and equipment	5	42	88
Intangible assets	6	149	120
		<u>191</u>	<u>208</u>
Current assets			
Trade receivables and other current assets	7	477	382
Cash and cash equivalents	8	5,212	5,174
Total current assets		<u>5,689</u>	<u>5,556</u>
Current liabilities			
Trade payables and other current liabilities	9	603	765
Current tax liabilities		4	2
Total current liabilities		<u>607</u>	<u>767</u>
Total assets less current liabilities		<u>5,273</u>	<u>4,997</u>
Non-current liabilities			
Provisions	10	20	20
Net pension liability	14f	1,533	3,218
Total non-current liabilities		<u>1,553</u>	<u>3,238</u>
Assets less liabilities		<u>3,720</u>	<u>1,759</u>
Reserves			
General fund reserve		5,253	4,977
Pension fund reserve		(1,533)	(3,218)
Total reserves		<u>3,720</u>	<u>1,759</u>

The notes on pages 76 to 89 form part of these financial statements.



Richard Blakeway
Housing Ombudsman and Accounting Officer

13 February 2023

Statement of Cash Flows for the year ended 31 March 2022

	Notes	2021-2022 £'000	2020-2021 £'000
Cash flows from operating activities			
Surplus/(Deficit) from operations		(1,041)	1,629
Depreciation and amortisation charges	5,6	71	77
Movement in provisions	10	-	20
Pension scheme service and admin costs	14a	2,624	1,126
Pension scheme contributions	14f	(1,313)	(958)
(Increase)/Decrease in receivables		(95)	(168)
Increase/(Decrease) in payables	9	(162)	53
Cash generated from operations		84	1,779
Bank and other interest received		8	35
Corporation tax paid	4	-	(3)
Net cash inflow/(outflow) from operating activities		92	1,811
Cash flows from investing activities			
Purchases and Disposals of tangible & intangible assets	5,6	(54)	(94)
Net cash inflow/(outflow) from investing activities		(54)	(94)
Net increase/(decrease) in cash and cash equivalents in the period		38	1,717
Cash and cash equivalents at the beginning of the period		5,174	3,457
Cash at end of period	8	5,212	5,174

The notes on pages 76 to 89 form part of these financial statements.

Statement of Changes in Taxpayers' Equity as at 31 March 2022

	General Fund £'000	Pension Fund £'000	Total £'000
Balance as at 1 April 2020	3,165	(1,904)	1,261
Transfer between reserves			
Total comprehensive income	498	-	498
Transfer between reserves in respect of pension fund liability	1,313	(1,313)	-
Balance as at 31 March 2021	<u>4,976</u>	<u>(3,217)</u>	<u>1,759</u>
Transfer between reserves	63		63
Total comprehensive income	1,898	-	1,898
Transfer between reserves in respect of pension fund liability	(1,684)	1,684	-
Balance as at 31 March 2022	<u>5,253</u>	<u>(1,533)</u>	<u>3,720</u>

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 76 to 89 form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2022

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 (FRoM) following a direction issued by the Department for Levelling Up, Housing and Communities (DLUHC) 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 2022 shows net assets of £3.7m (20-21; £1.7m). This includes pension liabilities falling due in future years. The Ombudsman's role is statutory and membership subscription fees are mandatory. Payment of fees is in line with 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 there are no known material uncertainties or conditions that may cast significant doubt over our ability to continue as a going concern.

b) Subscriptions

Subscriptions are the annual amount payable by member landlords of the Housing Ombudsman Scheme for the year ended 31 March 2022. These amounts are considered to be contracts with customers under the FRoM 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 year 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.

c) Property, Plant and Equipment

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

- Computer equipment - 5 years
- Office equipment – period of the lease

d) Intangible assets

Intangible assets comprise computer software, our website and our intranet, and are stated at cost less accumulated amortisation and impairment. 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.

e) 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.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks. These are liquid investments that are readily convertible to known amounts of cash.

g) 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 2022 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.

h) Operating leases

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

i) 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 periods, or may have an effect on future periods.

There have been no changes to accounting policies during 2021-22.

j) Standards issued but not yet effective

HOS has also reviewed new or amended standards issued by the IASB that are not yet effective, to determine if it needs to make any disclosures in respect of those IFRS's that are or will be applicable. The expected impact on the financial statements for 2022-23 is set out below.

IFRS 16 Leases

This standard will not significantly impact the Housing Ombudsman in the current year as the existing lease expires within 12 months and therefore has less than one year remaining as at 31 March 2022. A new lease has been signed in December 2022 which will be recognised in the year ending 2023 financial statements. The new lease will be accounted for under IFRS 16 which will recognise the term being 2 years and 10 months from the date of signing and an expected recognition value of £625,631. The initial valuation of the asset is set at the valuation of the corresponding liability which is calculated as all the lease payments not paid at the commencement date (1st April 2023) discounted by the HMT discount rate (incremental borrowing rate 0.95% PES 2022). The liability falling due within one year will be £260,544; the liability due after one year will be £365,087.

k) 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.

l) 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 is financed from reserves 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. DLUHC 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

	2021-22 £'000	2020-21 £'000
Staff Support Costs	45	16
Learning and Development	46	28
Human Resources	40	130
Accommodation	331	344
Operational Costs	96	66
Sector Development	26	24
Governance and Regulations	113	100
Information Technology	569	522
Dispute Resolution	509	370
First contact service	329	290
Depreciation	71	77
	<u>2,175</u>	<u>1,967</u>

The audit fee for 2021-22 is £54,000 (2020-21: £36,750). No remuneration was paid to the external auditors for non-audit work in 2021-22 (2020-21: nil).

2b. Staff Costs

	Notes	2021-22 Total £'000	2020-21 Total £'000
Wages and salaries		6,186	5,281
Social security costs		562	422
Pension service costs	14a	2,546	1,126
Total Costs		<u>9,294</u>	<u>6,829</u>
Recoveries in respect of outward secondments		(77)	(72)
Total Costs		<u>9,217</u>	<u>6,757</u>

3. Interest receivable/(payable)

	Notes	2021-2022 £'000	2020-2021 £'000
Bank and other interest receivable		25	18
Interest cost on pension obligation	14d	(515)	(389)
Interest on pension scheme assets	14e	437	356
		<u>(53)</u>	<u>(15)</u>

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%

	2021 - 2022 £'000	2020-2021 £'000
Interest received before corporation tax	25	18
Tax on interest received	3	3

5. Property, Plant and Equipment

	Leasehold Improvements Fixtures and Fittings £'000	Information Technology £'000	Office Equipment £'000	Total £'000
Cost				
As at 1 April 2021	107	159	24	290
Additions			-	
Disposals	-	(12)	-	(12)
As at 31 March 2022	107	147	24	278
Depreciation				
As at 1 April 2021	74	112	16	202
Charge for the year	16	14	4	34
Disposals	-	-	-	-
As at 31 March 2022	90	126	20	236
Net book value:				
As at 31 March 2022	17	21	5	42
	Leasehold Improvements Fixtures and Fittings £'000	Information Technology £'000	Office Equipment £'000	Total £'000
Cost				
As at 1 April 2020	107	109	24	240
Additions		50		50
As at 31 March 2021	107	159	24	290
Depreciation				
As at 1 April 2020	58	104	12	174
Charge for the year	16	8	4	28
Disposals	-	-	-	-
As at 31 March 2021	74	112	16	202
Net book value:				
As at 31 March 2021	33	47	8	88

All assets are owned by HOS.

6. Intangible assets

	Computer Software £'000	Website & Intranet £'000	Total £'000
Cost			
As at 1 April 2021	504	190	694
Additions	66		66
Disposals	-	-	-
As at 31 March 2022	570	190	760
Amortisation			
As at 1 April 2021	397	177	574
Charge for the year	34	3	37
Disposals	-	-	-
As at 31 March 2022	431	180	611
Net book value:			
As at 31 March 2022	139	10	149

	Computer Software £'000	Website £'000	Total £'000
Cost			
As at 1 April 2020	470	180	650
Additions	34	10	44
Disposals	-	-	-
As at 31 March 2021	504	190	694
Amortisation			
As at 1 April 2020	363	162	525
Charge for the year	34	15	49
Disposals	-	-	-
As at 31 March 2021	397	177	574
Net book value:			
As at 31 March 2021	107	13	120

All assets are owned by HOS.

7. Trade receivables and other current assets

	31.03.2022	31.3.2021
	£'000	£'000
Member subscriptions	393	313
Staff loans	(2)	2
Prepayments	86	67
Other receivables		-
	<u>477</u>	<u>382</u>

8. Cash and cash equivalents

	31.03.2022	31.3.2021
	£'000	£'000
Cash on hand and balances with bank	5,212	5,174
	<u>5,212</u>	<u>5,174</u>

All balances are held with a commercial bank.

9. Trade payables and other current liabilities

	31.03.2022	31.3.2021
	£'000	£'000
Trade payables	21	104
Other payables	139	135
Tax & NI payables	143	150
Accruals	300	376
	<u>603</u>	<u>765</u>

10. Provision for liabilities and charges

	Buildings	Total
	£'000	£'000
As at 1 April 2021	20	0
Created in-year	0	20
Balance as at 31 March 2022	<u>20</u>	<u>20</u>

Provision has been made for probable dilapidation costs in line with HOS' commitments under the accommodation lease agreement.

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:

		2021-22	2020-21
	£'000	£'000	£'000
	Buildings	Total	Total
Within one year	138	138	151
Within two to five years	-	-	138
	<u>138</u>	<u>138</u>	<u>289</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

Income and expenditure relating to HOS's 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 DLUHC. Any other bodies sponsored by DLUHC are considered to be related parties. During the year, HOS has had no material transactions with DLUHC.

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

The Ombudsman, senior management and ARAC and Advisory Board/Panel of Advisors members are considered related parties and have not undertaken any material transactions with HOS during the year. Advisory Board/Panel of Advisors 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, early payment of benefits on medical grounds and payment on 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 Hymans Robertson. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments, discount rate, contributions paid to the fund and benefit payments.

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

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

In addition, as many unrelated employers participate in the City of Westminster Pension Fund, there is an orphan liability risk where employers leave the Fund but

with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit HOS e.g. higher than expected investment returns or employers leaving the Fund with excess assets which are eventually 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 %
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 31.03.22	At 31.03.21	At 31.03.20	At 31.03.19	At 31.03.18
RPI Inflation	6.8%	3.15%	2.65%	3.4%	3.3%
CPI Inflation	8.5%	2.85%	1.85%	2.4%	2.3%
Rate of increase in salaries	4.15%	3.85%	2.85%	3.9%	3.8%
Rate of increase of pensions in payment/deferred pensions	3.15%	2.85%	1.85%	2.4%	2.3%
Discount rate	2.75%	2.05%	2.35%	2.45%	2.6%
Life Expectancy from Age 65 (years)					
- Retiring Today	21.4	21.6	21.8	23.4	24.5
- Males	24.1	24.1	24.4	24.8	26.1
- Females					
- Retiring in 20 years	22.9	22.9	23.2	25.0	26.8
- Males	26.1	25.3	25.8	26.6	28.4
- Females					

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:

	31.03.22	31.03.21	31.03.20
	£'000	£'000	£'000
Equities	14,885	15,619	10,384
Property	1,642	1,343	1,676
Other Bonds	2,810	2,820	2,403
Other Debt Securities	1,158	-	-
Infrastructure	948	-	-
Other Investment Funds	636	-	-
Cash	807	738	214
Total assets	22,889	20,520	14,677

Assets break down as follows:

		Quoted (%)	Unquoted (%)
Corporate bonds	UK	-	-
	Overseas	12%	5%
Equities	UK	0.00%	-
	Overseas	65%	-
Property	All	-	7%
Others	Private Equity	-	-
	Multi Asset Credit	3%	-%
	Cash/Temporary Investments	4%	-
	Infrastructure	-	4%
Total		84%	16%

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 2022.

To maintain a fair value of 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.

14a) Analysis of amounts charged to the operating deficit

	2021-22 £'000	2020-21 £'000
Service cost	2,546	1,110
Administration costs		16
Total	<u>2,546</u>	<u>1,126</u>

b) Net finance charge on pension scheme

	2021-22 £'000	2020-21 £'000
Net interest charge on the defined liability	<u>78</u>	<u>33</u>

c) Re-measurements in other comprehensive income

	2021-22 £'000	2020-21 £'000
Return on plan assets in excess of interest	340	4,586
Change in financial assumptions	2,781	(6,229)
Change in demographic assumptions	(68)	291
Experience gains/(loss) on defined obligations	(58)	239
Actuarial gain / (loss) recognised	<u>2,995</u>	<u>(1,113)</u>

d) Changes in the present value of liabilities

	2021-22 £'000	2020-21 £'000
Opening present value of liabilities	(23,738)	(16,581)
Current service cost	(2,546)	(1,110)
Interest cost	(515)	(389)
Changes in financial assumptions	2,781	(6,229)
Changes in demographic assumptions	(68)	291
Experience gain on defined obligations	(58)	239
Estimated benefits paid net of transfers in	74	299
Contribution by other Scheme Participants	(353)	(258)
Closing present value of liabilities	<u>(24,423)</u>	<u>(23,738)</u>

e) Changes in the fair value of scheme assets

	2021-22 £'000	2020-21 £'000
Opening fair value of scheme assets	20,520	14,677
Interest on assets	437	356
Return on assets less interest	340	4,586
Administration expenses	-	(16)
Contributions by employer	1,313	958
Contributions by Scheme participants	353	258
Benefits paid net of transfers in	(74)	(299)
	<hr/>	<hr/>
Closing present value of scheme assets	22,889	20,520

f) Movements in deficit during the year

	2021-22 £'000	2020-21 £'000
Deficit in scheme at beginning of the year	(3,218)	(1,904)
Movement in year:		
Past and Current service cost	(2,546)	(1,110)
Net interest cost	(78)	(33)
Change in financial assumptions	2,781	(6,229)
Change in demographic assumptions	(68)	291
Experience gains on defined obligations	(58)	239
Return on assets	340	4,586
Administration expenses	-	(16)
Contributions by employer	1,313	958
	<hr/>	<hr/>
Closing present value of scheme liabilities	(1,533)	(3,218)

The projected pension expense for the year ending 31 March 2023 is £1.5m. The projected employer contributions are £1.3m.

g) Reconciliation of funded status to Statement of Financial Position

	Value as at 31.03.22 £'000	Value as at 31.03.21 £'000	Value as at 31.03.20 £'000	Value as at 31.03.19 £'000	Value as at 31.03.18 £'000
Fair value of assets	22,889	20,520	14,677	14,000	12,773
Present value of funded defined benefit obligation	-24,423	-23,738	-16,581	-17,310	-15,907
Net liability recognised on the balance sheet	(1,534)	(3,218)	(1,904)	(3,310)	(3,134)

h) Sensitivity Analysis

	£'000	£'000	£'000
Adjustment to discount rate	0.1%	0.0%	-0.1%
Present Value of Total Obligation	23,762	24,423	25,084
Projected Service Cost	1,885	2,546	3,207
Adjustment to long term salary increase	0.1%	0.0%	-0.1%
Present Value of Total Obligation	24,489	24,423	24,357
Projected Service Cost	2,612	2,546	2,480
Adjustment to pension increase and deferred revaluation	0.1%	0.0%	-0.1%
Present Value of Total Obligation	25,013	24,423	23,833
Projected Service Cost	3,136	2,546	1,956
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present Value of Total Obligation	25,400	24,423	23,446
Projected Service Cost	3,523	2,546	1,569

Due to the change in actuary the assumptions for sensitivity analysis have changed and are detailed below:

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

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 A - Ombudsman Association service standards


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><i>Members' service should be free to complainants</i></p> <p>Our service is free to complainants.</p>	✓
<p><i>Members should ensure that their procedures are customer focused</i></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><i>Members should work with complainants to understand their needs, in order for complainants to access their service early</i></p> <p>Our dispute support and dispute resolution teams work with complainants to identify how best to assist them in accessing our service.</p>	✓
<p><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></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. During the year we began a trial of the use of webchat as another route into our service.</p>	✓

<p><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></p> <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.</p>	
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Communication

Standard	Met?
<p><i>Members should treat service users courteously, respectfully and with dignity</i></p> <p>One of our dispute resolution standards is 'We always treat you professionally and with respect'.</p>	
<p><i>Members should communicate with complainants through complainants' own chosen method where possible</i></p> <p>We ask complainants to identify their preferred method of communication. This is logged on their casefile and followed.</p>	
<p><i>Members should explain their role to service users</i></p> <p>Caseworkers will explain to residents what actions we are able to take at each 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><i>Members should let complainants know what they can and cannot do, and, if they are unable to help them explain why</i></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><i>Member should clearly explain to service users their process for handling complaints about organisations and likely timescales</i></p> <p>Each stage of the casework process is explained to our customers along with the actions that we can undertake 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><i>Members should keep service users regularly informed of the progression of their case, and how long things are likely to take</i></p>	

On receipt of a formal complaint, caseworkers will contact the resident to establish the outstanding issues and the outcome sought and the best path to resolution. On allocation, the Adjudicator will introduce themselves to the resident and remain in touch as the case is investigated.	
<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>	✓
For complaints that we investigate, an Adjudicator is assigned and the resident is advised who they are.	
<i>Members should be accurate in their communications with service users using plain and clear language</i>	✓
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.	

Professionalism







Standard	Met?
<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>	✓
Annual learning and development programmes ensure that staff knowledge and expertise is kept up-to-date. Legal advice is available for complex cases.	
<i>Members should deal with complaints in a timely manner, taking into account the complexity of the case</i>	✓
We are committed to dealing with complaints in a timely manner with KPIs to support this. We achieved an annual average of 4.6months in 2021-22	
<i>Members should ensure that remedies are appropriate and take account of the impact any identified faults have had on the complainant</i>	✓
Our approach to remedies is consistent with this standard and is set out in our guidance which can be found on our website.	
<i>Members should use the outcomes of complaints to promote wider learning and improvement to the service and the sector complained about</i>	✓
We published two 'Spotlight on' reports to share our learning from complaints in 2020-21 - on leaseholders, shared owners and new build, and on heating, hot water and energy. We also provide free e-learning and webinars for landlords based on the most common causes of complaints we see.	
<i>Members should ensure their record keeping is accurate and that they hold data securely</i>	✓

Information security is a corporate and operational risk and appropriately managed. This is also reviewed as part of our quality assurance process.	
<i>Members should ensure that if and when sharing of information is necessary, it is done appropriately</i>	✓
How we handle information is set out in our privacy notices which are available on our website.	
<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>	✓
This standard is captured in our guidance for dealing with complaints about our service which is available on our website.	
<i>Members should actively seek feedback about their service and use it to improve</i>	✓
We seek customer feedback from residents and landlords and act on this to drive improvements to quality.	

Fairness

Standard	Met?
<i>Members should work with service users without discrimination or prejudice</i>	✓
We make reasonable adjustments for users to access our service. This is confirmed through our quality assurance processes. The information we collect through our equalities monitoring is not visible to those dealing with individual cases.	
<i>Members should make decisions on cases based on their independent and impartial evaluation of the relevant evidence</i>	✓
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.	
<i>The reasons for decisions should be documented and explained to relevant parties</i>	✓
Our investigation guidance captures these standards and is on the website. This is also tested through our quality assurance processes.	
<i>Members should publish information concerning any opportunities that may exist for service users to challenge their decisions</i>	✓
Every decision letter informs both landlords and residents of the right to request a review. The related policy is available on our website.	
<i>Members should make clear to service users their approach to unacceptable behaviour</i>	✓
Our unacceptable behaviour policy and guidance is on our website. This is provided to customers if we find their behaviour to be unacceptable.	

Transparency

Standard	Met?
<p><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></p> <p>Information about the members of our Senior Leadership Team, including those with responsibility for complaints, is available on our website. The Scheme sets out the rules under which we operate and is available on our website.</p>	
<p><i>Members should have procedures in place to deal with any conflicts of interest around the handling of complaints</i></p> <p>We have a conflicts of interest policy which requires annual reconfirmation from all staff, and is available on our website.</p>	
<p><i>Members should be transparent about their investigation with the relevant service users</i></p> <p>We inform both parties at all stages of our process. An investigation decision is sent to both residents and landlords setting out the key issues identified, the evidence relied upon, the conclusions drawn and our reasoning.</p>	
<p><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></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 range of online tools and reports.</p>	
<p><i>Members should provide service users with information explaining the approach they take to handling complaints about their own service</i></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><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></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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