

Our plans and budget for 2017-18

Consultation paper



**Housing Matters:
Fairness Matters**

January 2017

Our plans and budget for 2017-18

Introduction

I am conscious that my role, as set out in the Housing Ombudsman Scheme approved by the Secretary of State for Communities and Local Government, is a very proactive and positive one. I am tasked with:

- **resolving disputes** involving members of the Scheme, including making awards of compensation or other remedies when appropriate, and
- **supporting effective landlord-tenant dispute resolution** by others.

Both aspects of this role are really important in improving standards in the housing sector. Problems relating to people's homes can have a huge emotional impact. They can affect people's health, well-being, sense of status and access to both jobs and education. The more we can do to support effective landlord and tenant resolution in the early stages of a dispute the better the outcomes for landlords and tenants and the fewer complaints need to be investigated by us.

I and my team have seen a dramatic increase in our caseload in recent years - over 60% since 2013 - and anticipate this will continue. This year our focus remains on delivering a high quality service, both in supporting individual dispute resolution and improving complaint handling standards across the sector.

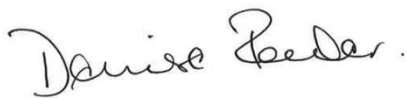
As a public service that is funded by subscriptions from our members, we need to be open and accountable for how we use our resources. More than 2,400 landlords are members of our scheme, covering nearly 4.8 million households. Landlords, and consequently residents, pay those subscriptions as a levy on every housing unit and it is essential that we take into account the views and insight of all our stakeholders in planning our service and budget. In last year's Corporate Plan, we set out our intention to consult the housing sector in advance about our business plan, proposed level of service and subscription level for 2017-18, which is the purpose of this consultation paper.

In this paper we give an overview of our work in 2015-16 and so far this year. Our vision [Housing Matters: Fairness Matters](#), strategic objectives and core values build on our statutory role. They were developed with colleagues, stakeholders, and most importantly our landlords and tenant organisations. They underpin everything we do and how we do it. They set the framework for a change programme which is enabling us to deliver continuous improvements in our performance and to support the sector to improve. We have made really strong progress this year, and this paper gives details of our performance to the end of September 2016 and sets out what we hope to do next year.

We know that both landlords and residents continue to face new challenges. We need to consider the factors that could impact on the demand for our service and how we can deliver continuous service improvement for the benefit of our customers. We will plan the direction of our service and manage our resources, including reviewing our subscription fee, in this context. We need your help to identify our priorities and shape the service going forward.

In addition to seeking views through this consultation paper, we will be discussing our plans with stakeholders, particularly landlords and tenants, in order to agree our budget and subscription fee for 2017-18.

We look forward to hearing your views.

A handwritten signature in cursive script that reads "Denise Fowler".

Denise Fowler
Housing Ombudsman

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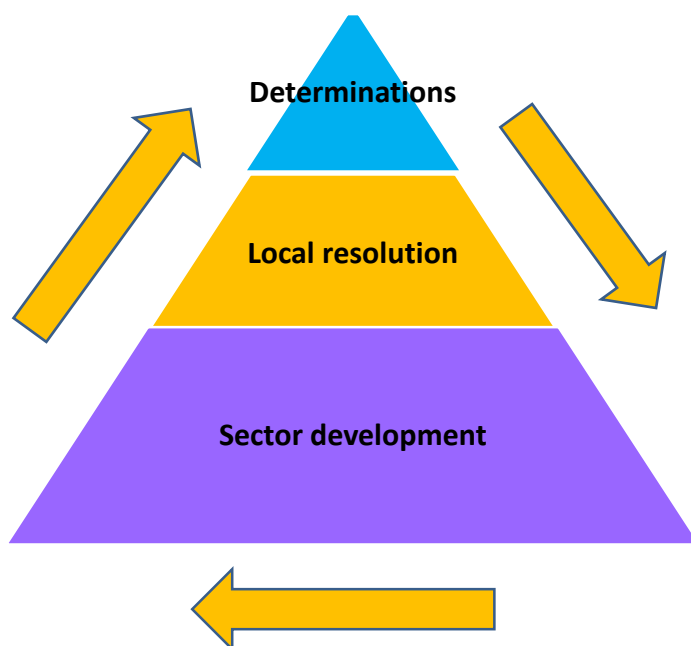
1. Overview of 2015-16 and 2016-17 to date

We had 2,368 landlords in our membership, representing 4,751,430 housing units as at 31 March 2016. So far this year this has risen to 2,478 members, representing 4,794,284 units. Membership is compulsory for registered housing associations and local authority landlords. Some private landlords also choose to use our services as voluntary members.

Our vision puts an understanding of the importance of housing and fairness at the heart of what we do, and our objectives and values drive our day-to-day activities.

This year we have integrated our dispute resolution and sector development directorates in recognition of the fact that they are part of the same process.

We help improve standards in the housing sector through our work with landlords and residents on the resolution and determination of individual complaints and our wider sector development activities. From an individual complaint, we can identify changes to policies and procedures that then have a wider impact and the learning from these individual complaints then feeds into the discussions we have with landlords and residents to support sector development. This is a process of continuous improvement for both us and landlords. We use our knowledge and expertise from individual complaints to work with landlords and residents to help them develop effective approaches to dispute resolution and improve their policies, procedures and services.

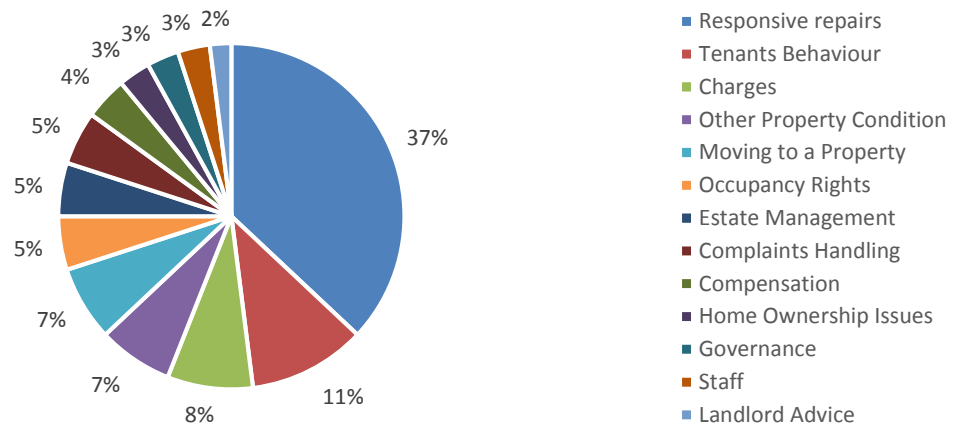


Learning from complaints: Improving standards

- ▶ Using our **knowledge and expertise** from individual complaints
- ▶ **Maximising impact** through our sector development work
- ▶ A process of **continuous improvement**

Individual dispute resolution - A high quality, timely dispute resolution service

In 2015-16 we dealt with 15,984 enquiries and complaints, an increase of 60% from 2012-13. The breakdown of complaints received to the end of September 2016 is set out below.



In 2016-17 the number of enquiries has decreased but the volume of complaints has increased, overall by around 8%. The largest increase is in cases within our formal remit, at around 15%. The cases within our formal remit are the most complex and require the most resources so this has been a significant challenge

In 2015-16, 81% of cases were closed locally, without needing a formal determination, and we determined 68% more complaints than ever before. This year so far we have closed 82% of cases locally and we are on track to issue around 1,400 determinations, which is a further 30% increase on 2015-16.

The backlog of cases over 12 months old, which I inherited in March 2015, has been eliminated. Average case times for investigation and determination are reducing and by the end of the year, we expect average investigation times to be around 8 months down from 9.5 months last year. Our decisions are effective; 100% of our orders are implemented within 3 months. These orders may provide individual redress for complainants e.g. ensuring that repairs are done and providing compensation and/or require changes to landlords' policies and procedures to improve services and avoid future disputes.

We are proud of our service this year but there is much more that we would like to do. In particular, we would like to reduce average case times further. This is something that both residents and landlords tell us is important to them.

In 2017-18 we expect to continue to make productivity and efficiency gains as we implement new ways of working and introduce new systems and tools such as our proposed casework management system and new e-learning package – but more

staff would be required to deliver significant further reductions in average case times or an expansion of our sector development activities.

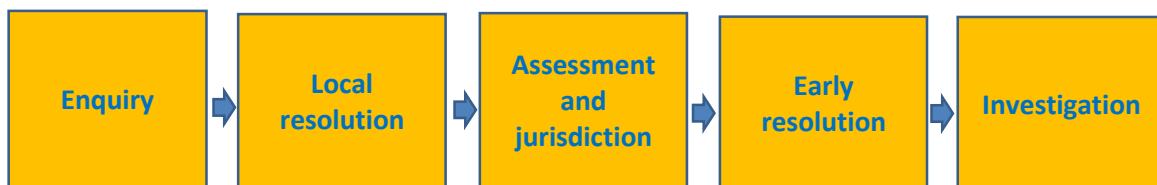
Our Dispute Resolution principles

- ▶ **Be fair** - treat people fairly and follow fair processes
- ▶ **Put things right**
- ▶ **Learn from outcomes**



Our new Dispute Resolution Policy and Process came into effect in April 2016. This was based upon our existing dispute resolution principles but is a more transparent and open process, providing a better service to customers and increasing our accountability.

Our Dispute Resolution process



Enquiry

We now receive around 16,000 enquiries in a year and try and resolve the dispute at the earliest opportunity and will signpost to other organisations where needed.

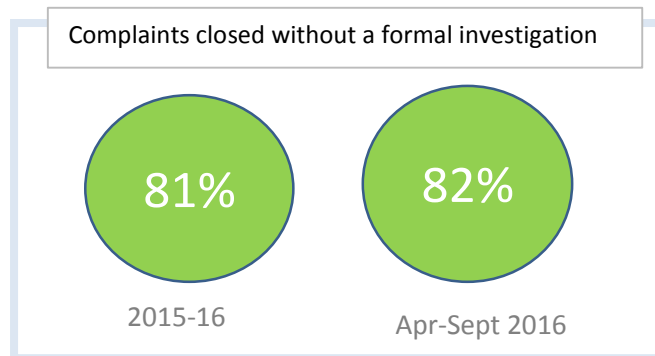
We have continued to enable the widest possible routes of entry to our organisation, including by email, telephone and online, with 60% of enquiries originating on the phone.

We work with landlords and tenant organisations such as Tpas (Tenants Participation Advisory Service) to increase our reach with residents. We take a 'no wrong door' approach to enquiries and complaints to assist those who contact us to navigate the complaint journey, signposting them to other Ombudsmen, complaint handlers or advice agencies where appropriate. Our collaboration with other Ombudsmen and other agencies e.g. Shelter and LEASE (Leasehold Advisory Service) enables us to offer a supportive service even where the complaint is not for us.

Local resolution

We believe that local resolution of complaints is best. Once a complaint has been made to a landlord we assist the parties to resolve matters within the landlord's procedure, or, once that has been completed, with the support of a designated person i.e. a local councillor, MP or tenant panel: 82% of complaints are closed at this stage.

Our approach is to enable and empower others to resolve disputes rather than creating dependencies on our service.



Assessment and jurisdiction

Where complaints are not resolved at this stage we assess whether the complaint is within our jurisdiction. If a complaint is not within our jurisdiction we seek to signpost complainants to another service that can help. If a complaint is within our jurisdiction we aim to determine the case as fairly and effectively as possible.

Early resolution

We will work with both the landlord and complainant to reach agreement to resolve the dispute. We will then issue a determination and monitor compliance if necessary.

Investigation

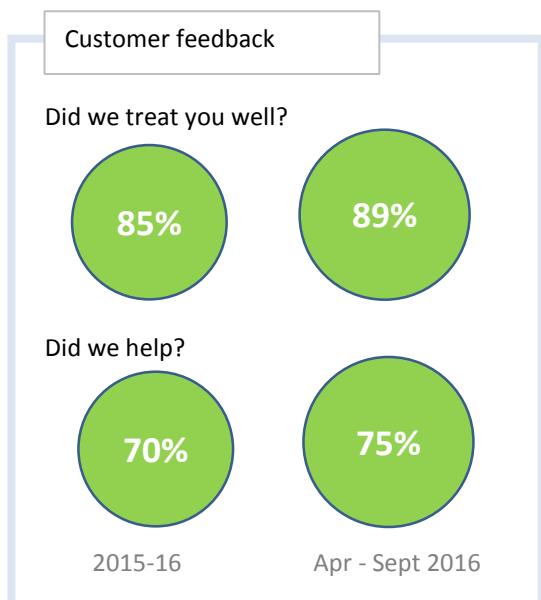
Where the dispute has not been resolved earlier, we will formally investigate the complaint and issue a decision on whether there has been maladministration and what remedy should apply. This might include financial compensation or an order to require specific actions to take place, e.g. repairs to be done to a timescale or a simple apology. This year, for the first time, we have been monitoring compliance with our orders and 96% are implemented by landlords within 1 month and 100% within 3 months.



Where a complaint highlights wider issues impacting on other residents we will make orders or recommendations for changes to policies or procedures. These orders or recommendations seek to help landlords and residents learn from outcomes to help prevent the same issues happening again and to improve services.

Customer feedback

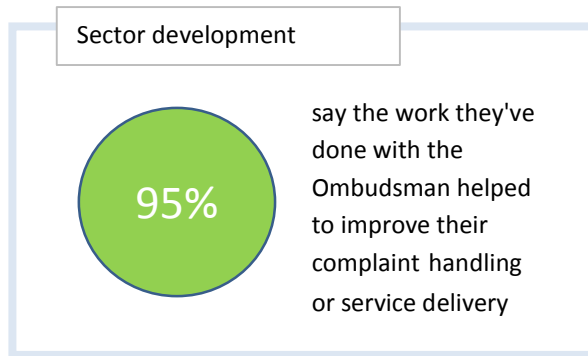
We regularly ask our customers – both complainants and landlords – for feedback so we can monitor our service and performance continuously and to drive improvements at an organisational, team and individual level. The box below shows the high levels of positive responses we received in 2015-16, and so far this year.



Improving standards - better dispute resolution and housing services

Our sector development work with landlords, designated persons, residents and other organisations to improve complaint handling and to identify changes in policies and procedures which will prevent future disputes includes:

- Discussions and training for individual landlords and tenant panels
- Open access talks, workshops and events, often in partnership with others
- Dispute resolution process e-learning
- Virtual classroom action learning sets
- Guidance, case studies and best practice
- Improved website (coming soon).



There is always more demand for our services than we can meet so we work with others to extend our reach.

This year we have been working in partnership with others, such as the Chartered Institute of Housing, the National Housing Federation, the Housing Quality Network and HouseMark so that we can reach more people. Sessions have taken place across the country.

We are also meeting with individual landlords and tenant groups or panels to discuss particular complaint trends and work with them to overcome specific problems and improve service delivery.

Working as One Team

One of our key values is “One Team” and we have implemented a new “One Team” model, which helps us improve performance. This aims to ensure that everyone has the support they require to work with colleagues across the organisation to achieve our vision and strategic objectives. The implementation of this model has enabled us to build on the excellent performance of last year which cleared the backlog of historic cases, and further improve our performance this year e.g. by increasing our productivity in issuing determinations still further (by around 30%) and by improving our customer feedback.

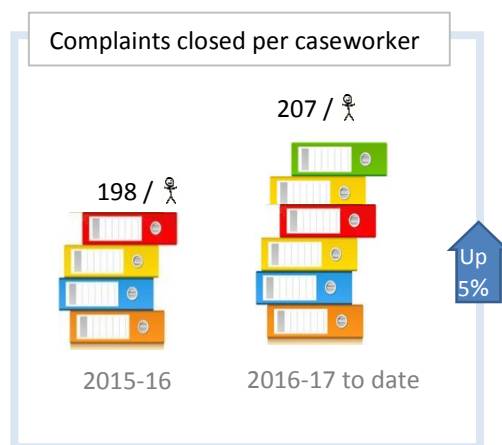
Our people

This year we have been able to employ five additional staff in our casework team and a Procurement and Contract Manager, bringing the total staff numbers within our service to 61. We use a strengths-based recruitment and performance management system, which helps us create a positive culture to support continuous improvement

and development. We continually assess capacity and as a small team we are agile; moving people and working flexibly when required.

Our working environment and our systems

Our move to new offices and the development of our IT/ telephony and website has meant that we have become more efficient. We anticipate that continued development in these areas should achieve a further 10% efficiency gain over a full year of operation.



Collaboration with other Ombudsmen

This year we continued to work closely with other Ombudsmen to ensure that we offer an accessible and streamlined service for customers. We held a very well attended joint event with the Property Services Ombudsman in Parliament which highlighted our work to drive up standards in the property sector.

We also continued to work closely with the Local Government Ombudsman (LGO) on issues relating to local authority statutory services linked to our role, such as homelessness and allocations. We will continue to liaise with the LGO on plans to establish a new Public Service Ombudsman (PSO) which would cover the functions of the LGO and the Parliamentary and Health Service Ombudsman. A Draft Bill on this subject was published for consultation in December 2016. The Housing Ombudsman will remain outside the remit of the new PSO when established but the Bill does make provision which would allow the functions of the Housing Ombudsman to be transferred into the new service in the future.

2. Our plans for 2017-18

Our plans have been informed by the feedback we have already received and will be finalised following this consultation. This paper therefore reflects the desire expressed from both landlords and complainants to see quicker resolution of complaints that are within our formal remit; a continuation of our work with both landlords and residents to improve local actions that will benefit both, and a continuation of our work to resolve complaints early. In effect this would mean our plan is to:

- Continue to reduce the target time for decisions with no cases over 12 months
- work with landlords to address potential systemic problems; engaging with partners to promote effective dispute resolution and providing access to a number of tools to assist customers
- continue local resolution work to proactively promote the benefits of engaging with landlords to resolve complaints and support to both parties to find effective resolution
- continue our early resolution work.

The impact of these actions will be to drive improvement in landlords' processes, policies and service delivery, affecting a wider number of residents.

The balance of our resources between reducing average casework times and the level of our sector development activity will depend on casework volumes and the views of our stakeholders. We have included some questions at the end of this paper seeking your views.

On current trends we anticipate that the number of enquiries would remain broadly the same but there will be a significant increase in the number of complaints, particularly those requiring investigation within our formal remit.

This would mean that we would receive around 16,000 enquiries and complaints overall. If current trends continue we anticipate a 10% increase in complaints and a 20% increase in complaints within our formal remit. This would represent around 625 more complaints received, with around 320 more cases for formal investigation in 2017-18.

We could face further increases in demand as a result of changes in the sector. The 1% rent reduction to 2020-21 and the implications of welfare reform in particular continue to drive significant change. All social landlords are reviewing their operating models to ensure value for money, financial viability and to facilitate the provision of more homes. Consequently, mergers are increasing in the housing association sector with the establishment of some of the largest landlords ever seen in the UK. Other landlords are considering alternative partnership arrangements to achieve the

same outcomes. Many local housing authorities are forming local housing companies. Changes to landlord's structures and operating models or the establishment of new organisations always take time to bed in and roles and responsibilities can be unclear to residents giving clear potential for difficulties to arise which, unless properly managed, can lead to an increase in complaints.

Many landlords are also taking on new areas or expanding different areas of their business and will need to be alert to the need to adapt their approach accordingly. Tenants paying full market rents are likely to have different expectations than social tenants as do shared owners or leaseholders. And as the range of options expand, e.g to rent to buy, so will the complexity of the housing managers jobs. Many landlords are reviewing their service offers to residents. And the piloting of the voluntary Right to Buy for housing association tenants will be expanded this year. We have seen lots of examples of very positive work being done by landlords to engage with tenants and leaseholders to manage these changes, often co-designing services but the sheer volume of change is in itself likely to be a driver for complaints.

At the same time there is the potential for us to take an increased role in the private rented sector as it would be in the interests of many large scale investors in rented housing to join our scheme. Membership of the Housing Ombudsman Scheme sends a clear message about the quality of service offered to tenants and means that landlords are able to draw on our advice and expertise when required if any problems do arise. Next year we think we should be seeking to expand our reach more into the private sector, encouraging more organisations to join as voluntary members.

3. Our budget and subscription fee for 2017-18

For 2017-18, we propose a subscription fee of £1.25 per housing unit.

Our budget for 2016-17 is £5.75 million, funded by a £0.96 per housing unit subscription fee and £1.1 million of expenditure subsidised from reserves in line with the strategy set out in our 2016-17 Business Plan. Without this contribution, the subscription rate would have been £1.20 per unit.

In 2017-18 we will not be able to subsidise the fee from our reserves again. We need to ensure that we have sufficient reserves to meet our liabilities, including potential pension deficits.

We have made significant operating efficiencies during 2016-17. For example, our new office accommodation is 19% cheaper per annum than our previous location. Staff productivity has also increased considerably and as a result, our cost per case has decreased compared to last year while the number of complaints closed per caseworker has increased.

Next year we are planning to introduce a new casework management system, launch our new website and have an expanded enquiries service in place, which will all increase our efficiency further. Our staff are gaining expertise and confidence all the time. But we are also expecting an increase in complaints of 10% overall and a proportionately larger increase in the number which require investigation under our formal remit. This aspect of our caseload has increased by 15% so far this year and we are anticipating an increase of 20% next year.

In 2012-13 and 2013-14 our subscription rate was £1.47 per unit. In 2016-17 the real cost (absent any contribution from reserves) was £1.20. We believe we could continue to deliver the current level of service, even with the likely increase in casework volumes for the same fee due to the efficiencies we have made and that are planned, as well as productivity increases. However, in order to deliver the service our customers expect and deserve, we propose the subscription rate for 2017-18 should be £1.25, effectively a 4% increase on this year. For this fee, we would expect to be able to turn round cases much more quickly, and we want to aim towards average case times of less than 6 months. We could also do more work with the sector, sharing more information from complaints to encourage earlier and better dispute resolution and improve housing services. The balance of the resources employed in each of these areas will be informed by the outcome of this consultation.

Our discussions over the past year have informed us that many landlords and residents would be prepared to pay more so long as this was linked to increased performance, especially in terms of the speed of resolution. Our training and support

for landlords has also been well received with 95% of participants saying that it has helped them improve their own or their organisation's approach to dispute resolution.

So, we would like to hear your views on our proposed fee and the level of service you would like to see, together with any other comments you think would be useful. We have provided some questions below as a guide to the areas where we would particularly appreciate your comments.

Timescale for consultation

Please send your responses by 13 February 2017 to:

consultations@housing-ombudsman.org.uk

Your views will inform our business plan and submission to the Secretary of State who will make the final decision on the level of the fee.

Questions

- **Do our predictions about casework volumes match your expectations?**
- **How long do you think it is reasonable to wait on average for a decision?**
- **Which aspects of our work do you find most useful in helping you to resolve disputes?**
- **Which aspects of our work do you find most useful in helping you to improve your complaint handling processes or approach?**
- **Which aspects of our work do you find most useful in helping you to develop your policies, procedures and service delivery?**
- **Do you think we think we get the balance right between casework and sector development activities?**
- **Do you have any other ideas for the future development of our service?**

Annex A shows our indicative budget allocation between the key activities we undertake.

Annex A: Indicative budget allocation between key activities

The table below breaks down the proportion of resources we anticipate will be allocated to each main area of activity at a £1.25 subscription rate. The final figures will depend on the outcome of the consultation.

Cost element	Description	Budget 2017-18 (£m)
Dispute resolution	Providing an accessible high quality and timely dispute resolution service. Ensuring accessibility and seeking to resolve disputes fairly and impartially. We will deal with all enquiries efficiently and sympathetically, supporting local or early resolution of disputes wherever possible. If early resolution is not possible we will conduct a fair and impartial investigation and make a determination. Determinations may provide for individual redress to complainants and/or improvements to services to prevent disputes happening in future. We will monitor compliance with our determinations.	£4.2m
Sector development: improving standards	Facilitating improvements to landlords' complaints handling and service delivery through a range of activities e.g. training events, guidance, virtual action learning sets, e-learning, individual support to landlords or tenant panels. Empowering landlords and residents to resolve more complaints locally thus reducing dependency on our service. Working with other organisations where appropriate to use our resources efficiently and maximise our impact	£0.6m
Strategy, management and accountability	Strategic and managerial functions; overall governance of the Housing Ombudsman Service, Planning forward strategy; housing and complaint policy developments and jurisdictional issues, Financial Control, Analysis of complaints and performance, Secretariat support to the Panel of Advisors and the Audit & Risk Assurance Committee, Corporate reporting (including to the Department and Parliament), Human Resources, Collecting feedback on our service from our customers.	£1.1m
Total		£5.9m