

THE HOUSING OMBUDSMAN

BUSINESS PLAN 2014-15

Contents

- 1. Introduction**
- 2. Vision and business objectives**
- 3. Governance of The Housing Ombudsman**
- 4. Performance in 2013-14**
- 5. Performance management framework**
- 6. Dispute resolution**
- 7. Operations**

THE HOUSING OMBUDSMAN BUSINESS PLAN 2014 -15

1. Introduction

This document sets out the business plan for The Housing Ombudsman for 2014-15.

The Housing Ombudsman, a corporation sole, administers the Housing Ombudsman Scheme. The purpose of the Scheme is for tenants and other individuals to have complaints about members investigated by a Housing Ombudsman. Membership of the Scheme is compulsory for landlords who are registered providers and Local Housing Authorities. There are also some voluntary members who are private, 'for profit' landlords. The current Scheme was approved by the Secretary of State in February 2013. The Scheme says that the Ombudsman's role is to resolve disputes involving members of the Scheme as well as to support effective landlord-tenant dispute resolution by others.

We use our day to day engagement with member landlords to improve their own complaint handling. We promote early and local resolution of disputes in the landlords' own internal complaint process – this is better for tenants and landlords. Our approach is to support more effective complaint handling by the other people involved in the complaint process, rather than creating a dependency on our Service. We want to develop networks and partnerships to encourage a positive approach to complaints and disputes across the sector. We believe that complaints can and should be used to drive service improvement. We want to influence a change of approach to complaints across the sector, so that tenants and landlords can benefit from a positive complaints culture, improved and faster complaint handling and the service improvements that can bring.

The Secretary of State also approved new governance for the Service. He authorised the creation of a corporation sole which is called The Housing Ombudsman, saving money and achieving efficiencies by removing double governance.

The Localism Act 2011 extended the Ombudsman's jurisdiction to Local Housing Authorities. It also gave "designated persons" a role in dealing with disputes between members of the Scheme and their residents and in referring complaints that have not been resolved in the landlord's procedures to the Housing Ombudsman.

Our strategy is designed to achieve improvement in complaint handling in the sector throughout the process. We support and advise landlords, tenants and designated persons to achieve more effective dispute resolution within their local procedures.

The strategy of The Housing Ombudsman is designed to ensure that the requirements of the Ombudsman's role and the Localism Act are met. It applies and develops lessons learnt from previous process change that reduced cost and also produced performance improvement. The business plan for 2014/15 is set in the context of the five year strategy cycle. Our present strategy covers the period 2011 to 2016. It was informed by consultation with landlords and tenants; we subsequently involved partner agencies, landlords, and tenants in the annual review process. We continue to challenge the plan throughout the year using feedback from our customers.

2. The Housing Ombudsman's vision

Our mission is to achieve impartial dispute resolution in rented housing. We achieve efficiencies and maximise the impact of the Service by partnerships with others. So, our vision is to work with others to increase trust in dispute resolution and to improve landlord and tenant relations. Being positive about the role of effective complaints handling and dispute resolution leads to improved customer service and savings for landlords.

We are serious about improving our service to our customers too. Our customers are tenants and landlords. We seek detailed customer feedback to understand need and inform continuous improvement.

A key feature of our strategy to deliver the Ombudsman's supporting role is spreading best practice to promote service improvement as an outcome. We do this on a daily basis through our website and our dispute resolution process; mostly over the telephone or by emails. Specific, web-based best practice is spread via our bespoke Dispute Resolution Principles and specially-designed e-learning. These are intended for general use but specifically for Members of Parliament, councillors, designated tenant panels, residents, and providers.

As part of the Ombudsman's role to support others in resolving disputes, we have set out specific activities in the plan to help individuals and organisations improve their own ability to deliver effective and local dispute resolution. This should enable others and reduce their dependency on the Ombudsman and other agencies. This is based on the principle that the best outcomes for customers are achieved through early and local resolution of disputes.

These activities show our strategic intent to share learning. In this business plan we shall be expanding on this theme through the next phase of our web-site development. We intend to broaden the scope of getting feedback from customers and expand on our quality assurance approach, setting out a new programme of internal audits, and developing a casework improvement plan. It will also be boosted by other planned activity to gather and share data and by the implementation of a strategy to make appropriate use of technology in service delivery to make sure we remain relevant to the sector and understand the technological changes that will impact our customers.

The Housing Ombudsman's business objectives

The success of our strategy will be measured by our achieving the following outcomes:

- *Designated persons are able to **play their part** in resolving disputes fairly*

Designated persons play an important role in complaint handling when a dispute is not resolved by the landlord in their own process. Our good practice advice and guidance, the tools and support that are available to tenants and landlords are also available to designated persons. Together with their understanding of local issues this will support them in resolving disputes effectively.

- *Tenants and landlords have **increased trust** in dispute resolution*

To use complaints to improve services the complaint process must be fair, accessible and be genuinely designed to resolve disputes. Focus is on clear and transparent processes. For many landlords and their tenants this requires a step change in complaint performance, sometimes needing changes to the organisation's culture.

- *Tenant and landlord **relations are improved***

Tenants generally have a long term relationship with their landlord. A feature of complaints is often a breakdown in trust or communications. If not dealt with effectively those aspects of a complaint can have a long term impact. Effective complaint handling improves trust and relationships between tenants and their landlords. Cultivation and maintenance of the landlord tenant relationship is of benefit to both parties.

- *Landlords have a **positive view of complaints***

Even good service generates complaints. They cost time and money whether or not they are dealt with effectively. Seeing complaints as an opportunity for feedback gives a landlord the chance to engage with its tenants and to use that time and money to improve service provision. A landlord with a positive view of complaints will be more likely to treat its tenants fairly and to resolve complaints quickly and without escalation.

3. The Housing Ombudsman – Governance

The Housing Ombudsman is constituted as a corporation sole by order of the Secretary of State under a statutory instrument made in accordance with the Housing Act 1996, Schedule 2, paragraph, 10.

Under those provisions, Dr Mike Biles is the person appointed by the Secretary of State as the statutory ombudsman, and the corporation sole. He has also been appointed Accounting Officer by the Principal Accounting Officer of the Department of Communities and Local Government. The Accounting Officer of The Housing Ombudsman is responsible for the management and control of the resources used to meet the objectives of the organisation.

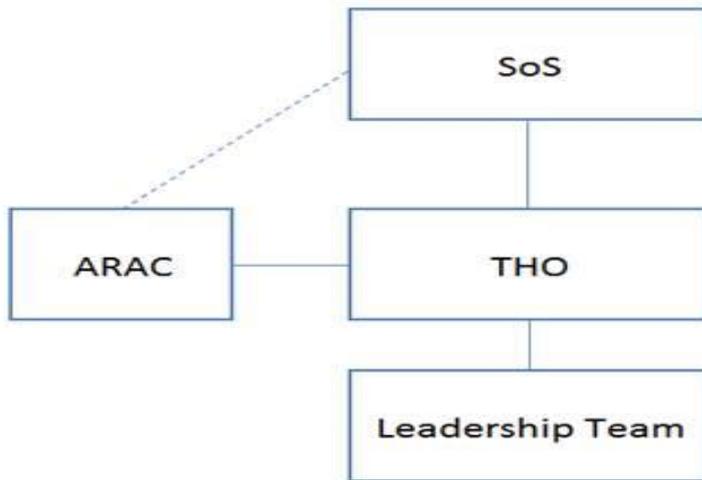
As Accounting Officer the Housing Ombudsman is supported by an Audit and Risk Assurance Committee and by the members of his Leadership Team. Together they have developed and implemented an effective risk management framework that deals with the risks and opportunities the organisation faces. By developing an understanding of its appetite for risk THO is able to respond to evolving, perceived risks.

The Housing Ombudsman, Audit and Risk Assurance Committee, and Leadership Team are provided with insight into the organisation's performance from both external and internal audits. This includes, in particular, an internal audit opinion from the Head of Internal Audit on the quality of the systems relating to governance, risk management, and internal control.

The Housing Ombudsman has in place appropriate policies and procedures for financial regulation, procurement, and data-handling. The Audit and Risk Assurance Committee seeks assurance not only from the Leadership Team but also from the auditors on a regular basis. It also provides assurance to the Ombudsman as Accounting Officer.

Members of the Committee are well aware of and uphold the seven principles of public life (the "Nolan principles") and acknowledge the Corporate Governance Code as providing a framework designed to facilitate good decision-making.

Although not a formal governance requirement as such, the Housing Ombudsman Scheme approved by the Secretary of State states that the Ombudsman may from time to time decide, following consultation with such persons as he considers necessary, to appoint, with the Secretary of State's approval, a Panel of Advisors. The principal objective of the Panel is to enable the Ombudsman to obtain additional, situational assurance from individuals who have the expertise to assist him in such matters as he considers relevant and as set out in its terms of reference in the Framework Document.



Organisation chart of THO governance arrangements

4. The Housing Ombudsman – Performance review – 2013-2014

Introduction

On 1 April 2013 we launched a new service. The Housing Ombudsman's remit was extended to cover Local Housing Authority landlords as well as existing housing association and voluntary members. In preparation for this change, during 2012-2013 we carried out a major change programme, reviewing and revising our infrastructure for effective service delivery. The headline work-streams for that change programme were:

- Strategic re-alignment
 - Clarification of role with DCLG
 - Development of policy and jurisdiction
 - Governance review, options appraisal, transition and implementation
 - Development of new terms of reference (The Housing Ombudsman Scheme), stakeholder consultation, SoS approval and publication
- Design, test and implementation of new processes
- Internal structure and resources
 - Exemption and procurement
 - Grade definitions, pay structure, alignment and progression
 - Job design
 - Resource analysis
 - Organisation structure review
 - Recruitment and transition process development and implementation
- Dispute resolution principles
 - Development and consultation

This major organisational development change programme was completed in March 2013. The scale and scope of this change is important context for reporting performance from April 2013 onwards.

4.a Dispute resolution team performance

The team were operating under the new Housing Ombudsman Scheme (new member landlords and jurisdiction), with a new core workflow/ process and new casework management system.

On 1 April 2013, when new Scheme went live, we had 299 active cases in investigation under the terms of the old Scheme which had to be completed under our old process. From 1 April all new cases referred to us were subject to the terms of the new Scheme and had to be progressed under the new process. The two processes ran in parallel for several months.

Our new casework management system has been in operation since mid-March 2013. Management reports have been developed throughout the year as our data have developed. This process was complicated as we needed to develop reports in the new system to reflect basic performance against both the old and new processes. Contemporaneous reports have not been available for all areas of performance through the year. Our reports to measure times taken to resolve cases have only recently been developed. Comprehensive data are not available on

timescales for performance in 2013-2014. The data used in reporting for this year is based on simpler workflow reports recording volumes of complaints and cases.

Enquiries and complaints

Demand for the Service

The total volume of enquiries and complaints received by the team in 2013-2014 was **12,782**, in 2012-2013 it was **9,790**. This represents an increase in immediate demand of **30.6%** over the previous year.

We responded to 87% of enquiries within 3 days. Where cases are categorised as complaints (where an issue has been complained about to a member landlord), we responded to 99% of cases within 15 days. Volumes of both enquiries and complaints received increased throughout the year, reaching their peak in the fourth quarter of the year.

Team performance

During 2013-2014: we closed **6,582 enquiries** and **4,796 complaints** where we had assisted the parties in achieving local resolution. The total of cases closed during the early stage of the process was **11,378**.

During 2012-2013 we closed a total of **10,048** cases in the comparable part of the old process.

This represents a 13% increase in volume of cases closed in the first two stages of the workflow, between 2012-2013 and 2013-2014. The fourth quarter of the 2013-2014 was the busiest and most productive quarter in terms of cases closed.

Since April 2013 the focus of our response to new complaints is to identify ways in which to support the parties to reach resolution between themselves. The principle is that, by investing more in supporting resolution in the local procedures, ultimately fewer complaints will come to the Ombudsman at the exhaustion of the landlord's process.

The following table shows the breakdown in enquiry and complaint volumes between Local Housing Authority and other (characterised as housing association) landlords. This shows the activity involved in conversion of enquiries to complaints, so for example; of the 9157 enquiries about HA landlords, 4094 of them were subsequently dealt with as complaints.

	Enquiries	Complaints
Housing association	9157	4094
Local Housing Authority	3625	1889
Total	12782	5983

Cases where the landlords' internal complaint process has been exhausted

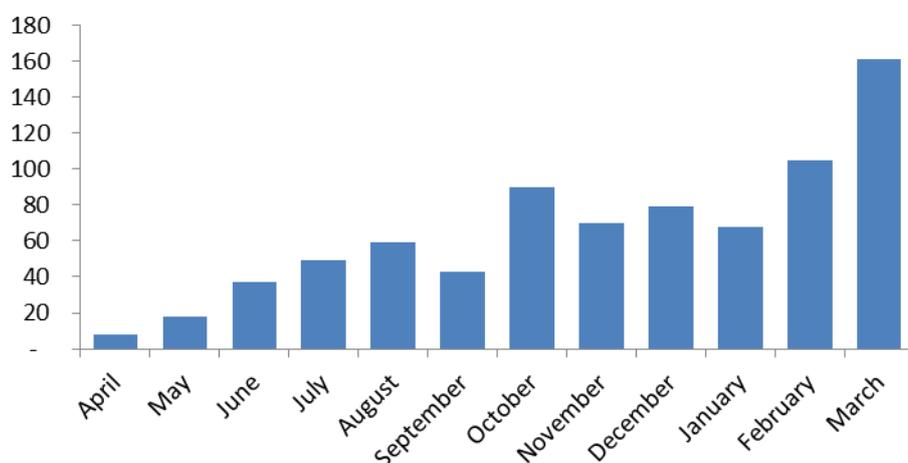
Demand for the Service

These volumes relate to cases that have 'exhausted' the landlords' internal complaint process. They have either been referred by a designated person, or the complainant has waited 8 weeks from exhaustion of the internal complaint process.

During 2013-2014 we received **787** such cases. In 2012-2013, at the equivalent point in the old process, there were **628**. This represents a **25.3%** increase in volume.

The table below illustrates that this demand was not evenly distributed, but built over the course of the year.

Volumes in : Landlord complaint process exhausted



The most likely explanation for this pattern of demand is that the changes to the overall complaint process on commencement of Localism Act provisions caused delays in cases reaching us during the first two quarters of the year. Whether the volumes in the third and fourth quarters establish expected future volumes or are inflated by cases delayed in the process during the first two quarters remains to be seen.

Team performance

During 2013-2014 there were three possible output types for cases that came to us having completed the landlords' internal complaint procedures. The cases already in progress at 1 April 2013 were 'determined' under the old process (determinations). Cases entering the process after 1 April were either 'locally resolved' or 'formally resolved' under the current process. The volumes of each type of output show the shift of cases being resolved under the old process, to new process over the course of the year, as the table below demonstrates.

2013/14	Q1	Q2	Q3	Q4	Total
Determinations	120	120	26	1	267
Local/ formal resolution	10	58	72	113	253
Total	130	178	98	114	520

The total number of cases concluded under our formal jurisdiction in 2013-2014 was **520**. We also ruled 160 cases outside of jurisdiction on the discretionary grounds set out in the Scheme. In 2012-2013 we issued **534** determinations (with 107 outside jurisdiction).

4.b Complaints against the Service

We received **49** complaints against the Service during 2013-2014, we responded to **47** complaints during the same period. Complaints upheld (at least in part) are shown in the table below.

	Q1	Q2	Q3	Q4	Total
Complaint responses	11	15	12	9	47
Upheld @ stage 1	1	3	2	1	7
Upheld @ stage 2	0	0	0	0	0
Total	1	3	2	1	7
% upheld	9	20	17	11	15

In 2012-2013 we responded to **36** complaints against the Service of which **11** were upheld at least in part. Complaints against the service are reviewed to ensure that service delivery can be improved. For example; changes to our equality and diversity monitoring were triggered by a customer complaint.

4.c Sector development performance

Strategic development

In the first quarter of 2013-2014 we developed a Sector Development strategy covering three years and a one year plan to mirror our Business Plan. We consulted on the strategy in May. The strategy was positively received and helped us to revise our intended approaches, particularly to extending opportunities to landlords for peer-to-peer learning.

In August 2013 we carried out our annual strategic review and invited key stakeholders to test our assumptions and progress (attendees included senior policy advisors from Chartered Institute of Housing, Local Government Association, National Housing Federation and Tenant Participation and Advisory Service. They confirmed that our assumptions remained valid and that the Sector Development strategy is relevant to the needs of the sector.

This was further tested in landlord engagement events, carried out around the country. From a value for money point of view these provided both a briefing to landlords and a way of sharing of landlord peer-to-peer learning around local resolution.

During the year we started to design the methodology for our landlord customer segmentation. Our 2,300 landlord members are geographically, culturally, and economically diverse. We also have an entirely new member base (Local Housing Authorities) about whom we have little data.

The customer segmentation will help us to understand the needs of our diverse members for improving dispute resolution so that we can focus our resources effectively. It will also provide a benchmark for measuring the impact that our Service has on the sector.

Learning for the sector

At the beginning of the year we launched our Dispute Resolution Principles based on our extensive experience of complaint handling and dispute resolution and following extensive consultation with the sector. Three simple principles cover areas of culture, process, and behaviours and encourage using complaints to improve service delivery. They are designed to be used by designated persons, tenants, and landlords to help achieve effective dispute resolution.

We commissioned Virtual College to design an e-Learning resource to raise awareness and understanding of the DRPs. This free resource was initially designed for landlords but there is open access for designated persons and tenants as well. The dispute resolution e-learning was launched as a free learning resource for the sector in November 2013. We have evaluated feedback from those who have participated.

We have worked with Virtual College and PrimeEast to develop pilot virtual classrooms. These provide an opportunity for landlords from all over the country to meet and, using action learning sets, to share their skills and expertise in complaint handling.

4.d Organisation development performance

Performance management framework

During 2013 we introduced a new performance management framework; results based accountability (see section 5). In July we carried out workshops to roll the framework out to all employees. All departments and teams have developed measures under the new framework.

The results accountability methodology relies heavily on feedback on services being given directly by the customer. During the last quarter of the year we carried out a customer feedback pilot for the dispute resolution function. This helped us to establish the methodology and processes necessary to go live with customer feedback from April 1 2014.

We introduced 360° feedback on the performance of the leadership team to support development and improve role modelling of our values. We also ran workshops for all managers on 'managing capability and performance' to ensure that they have the skills necessary to manage their teams under the performance management framework.

Equalities and diversity

We carried out an audit of our policy and practice in relation to equalities and diversity. The audit, conducted by Sateo gave us assurance that our customers' journeys met statutory requirements. It also confirmed that in our inclusive approach to customers, we recognise and value diversity in service delivery and meeting customer needs.

“The organisation has an exceptionally forward-thinking and modern approach to people management that is both empowering and motivating. Employees are supported and enabled to take personal responsibility. They are highly skilled and empathetic towards their customers. This is an excellent foundation for greater depth of work, building up knowledge and awareness in the kinds of additional barriers people face directly as a result of their protected characteristic. The recommendations made below support a gradual building of confidence and competence to this aim.”

Change management

In preparation for launch of the new service in April 2013 the organisation went through an extensive change programme. Although systems and processes were largely in place by April, much of the change management, helping to guide employees through the necessary changes in mind-set and behaviour to deliver our strategic objectives, has been on-going. Leaders and managers have been involved in numerous change management activities, workshops, engagement events, and employee coaching to help us to secure and embed those changes.

4.e 2013-2014 Underspend

At the end of 2013-2014 we had a budget underspend of £443,000.

In reviewing last year’s business plan budgets and spend we have identified four key areas that have resulted in underspend:

Procurement

Spend on some projects was delayed as a consequence of procurement and Cabinet Office spend control approval processes (to ensure value for money). The Housing Ombudsman’s procurement procedure was complex and, for some types of procurement, disproportionate. This process has since been reviewed and a new, simplified procurement process was introduced in the third quarter of the year

Resourcing issues

The Housing Ombudsman is a small organisation with the majority of people and resources historically engaged in delivery of our dispute resolution function directly to our customers. We do not have capacity and/or technical skills in all specialist areas. As our strategic development in sector development progressed we had a better understanding of the resources needed in the project team to deliver. Due to spend controls our use of consultancy support was restricted or subject to significant delays.

Total staff costs were £155,000 underspent mainly due to unfilled vacancies.

Lack of resources led to the delay of several projects and some projects were de-prioritised completely. For example, a £19,000 information management project and £24,000 for a job evaluation project were put on hold.

Delays in completing governance arrangements

We planned to complete a restructure of leadership team and corporate services function early in 2013-2014. This was delayed due in part to unplanned absence in leadership team. Also because of delays in finalising the governance arrangements for the Corporation Sole there was a twofold effect on spend.

There was money in the budget for the redundancy of a senior post which did not happen in year. We had also budgeted for recruitment and induction of the Audit and Risk Assurance Committee. This will now occur in the current financial year.

5. Performance management at THO

As a part of our change programme we have introduced a new performance management framework at The Housing Ombudsman. Changes were necessary to ensure that performance management worked with, rather than against, achieving our strategic business objectives. We are using a model called the Results Accountability Model. Results accountability provides a framework for measuring performance against results for both service systems and communities. Its starting point is the required end or outcome and the methodology works backwards to the means. This concept suits our aspiration to measure our progress against business objectives that are 'outcomes' as well as measuring performance of our own systems and processes.

Our success in achieving our strategic business objectives is only realised if our activity has an impact on the sector that we serve. Therefore our success measures are 'outcomes' (e.g. designated persons are able to play their part in effective dispute resolution) rather than activities. Our previous performance management framework did not provide a method for measuring the impact of performance across the organisation. It was based, as are most traditional methods, on the assumption that certain targeted activities will achieve the required outcomes. It allowed us to collect and measure quantitative performance data on outputs such as the quantity of cases but outcomes must be evidenced by qualitative, as well as quantitative, data. The Results Accountability Model provides a methodology and framework for integrating the setting of targets and the measurement of performance using the same data. What it also offers is a method for capturing feedback on customers' (tenant and landlords') direct experience of the Service and for collecting and analysing data to measure organisational performance in terms of impact on the sector. By focussing on defined outcomes it ensures that all measurable activity is designed to achieve those outcomes.

Accountability in this context is a relationship between persons or groups where one is responsible to another for something important.

There are two elements to results accountability, population accountability and performance accountability. In population accountability a group of partners take responsibility for a 'population' in a given area. In performance accountability managers take responsibility for the performance of the service system.

Population accountability

Population accountability is about the population of a geographic area without regard to whether they are receiving a particular service. Although population accountability in the model may be cast wider than we see our role at The Housing Ombudsman, the model contains much that is of use to us and a solid methodology. Our population is defined as landlords and tenants in rented housing. The framework acknowledges that as the leaders and managers of The Housing Ombudsman we have two kinds of responsibility – to produce the best possible performance of the service that we provide (programme management responsibility) and to bring together the necessary partners to make progress at the population level (community leadership responsibility).

The model acknowledges that success at the population level depends on partnerships. It is unfair, therefore, to hold a single agency responsible for conditions it cannot remedy by itself.

However, the perspective offered by this aspect of the model could prove valuable in shaping future partnerships in our stakeholder management or learning delivery.

Organisational performance measures

Performance accountability is about our role as managers, and how well we run the programmes for which we are responsible. This focuses on the well-being of a customer population rather than the wider whole population (in our case that is the landlords and tenants that come into direct contact with the Service).

Our current Key Performance Indicators are shown in the table below:

Population accountability
Improvements to landlord complaint handling – measured against the following criteria; performance, awareness, motivation, and capability (see landlord segmentation)
Organisational performance
<ul style="list-style-type: none">• Establish baselines for Key Performance Indicators (target for year one)• Numbers of complaints received – reduction over 5 years• Numbers of cases resolved at each stage of the process• Time taken to resolve complaints – downward trend• Unit cost of complaint resolution – downward trend• Customer (landlord and tenant) feedback; customer care (i.e. how well they consider they are treated) and whether the service provided was helpful – increase positive feedback• Evaluation of learning events

This is a new performance management framework. We are still building the infrastructure needed to provide full performance reporting (for example landlord segmentation is still at pilot stage). We will establish baseline levels of performance on all Key Performance Indicators during 2014-15.

6. Dispute resolution

Dispute resolution activity encompasses both elements of the Ombudsman's role; resolving individual disputes involving members of the Scheme as well as to supporting effective landlord-tenant dispute resolution by others.

All our dispute resolution activity is designed to directly contribute to delivery of our four key strategic business objectives:

- Designated persons are able to play their part in resolving disputes fairly
- Tenants and landlords have increased trust in dispute resolution
- Tenant and landlord relations are improved
- Landlords have a positive view of complaints

There are currently two separate areas of activity encompassing our dispute resolution service; the first is the provision of a high quality dispute resolution of complaints brought to us by individual tenants. The second area is focussed on identifying and developing approaches to improve complaint handling across the sector, currently referred to as 'sector development'.

Resolution of individual complaints

In April 2013 The Housing Ombudsman launched a new dispute resolution service, with jurisdiction extended to cover Local Housing Authority landlords and inclusion of designated persons in the process. Our new service is focussed on promoting local resolution of disputes, where possible within the landlords' internal procedures. Our intervention at any point in the process is designed to maximise the chance of landlords and tenants being able to agree appropriate solutions between themselves and to encourage landlords to use the lessons from complaints to improve their services.

Our advice, good practice and guidance is based on simple 'dispute resolution principles' shifting attention from process detail to successful outcomes and the systems conditions that are necessary for landlords to effectively resolve disputes. The principles cover processes, culture and behaviours and our caseworkers provide advice and guidance to tenants, landlords and designated persons on the practical application of those principles. The principles encourage landlords to put things right for their tenants when things go wrong, and to learn from the outcomes of complaints.

If local resolution is not possible for any reason we carry out formal investigations. Usually the cases that we investigate in this way are those in which we identify; evidence of systemic failings in landlords' service provision, serious wrong-doing or errors in the landlords performance, significant adverse affect on an individual or group of complainants or where a landlord will not or cannot engage in local resolution.

The day to day service provided to landlords and individual tenants delivers on both parts of the Ombudsman's role.

Sector development

In addition to delivering the strategic business objectives the drivers of our sector development activity are:

- *Ensuring that our service remains relevant to our customers* – this means that tenants and landlords are at the centre of all that we do. We involve them in developing our service and evaluating the service that we provide.
- *Ensuring that our service is sustainable* - by creating solutions that are value for money and encourage a culture of continuous improvement. We consult with our customers to ensure that we can predict and provide a service that meets their needs.
- *Enabling others to resolve disputes themselves, locally* – the focus of our strategy is helping organisations and individuals to improve their ability to deliver effective dispute resolution, rather than building dependency on The Housing Ombudsman or other agencies or bodies.

We recognise that transformative change will not happen overnight, and to be truly effective and embedded across the sector, it requires mind-set and behaviour change about the value of complaints to an organisation's mission/vision and service improvement agenda. We will take a multi-agency approach to this change programme, building strategic partnerships with other organisations to achieve change and savings across the whole sector. This change programme will span over three to five years.

To achieve our strategic business objectives we must do more than use our service to determining who's right and who's wrong in process-driven complaint-handling. We have used our 17 years as The Housing Ombudsman and over 175 years of collective dispute resolution experience to determine and address tenant and landlord needs in an emergent manner and in partnership with them – whether that be consulting on ideas before implementing them, co-creating solutions, or involving them in pilot phases before new service provision is launched.

What we want to achieve and why

We are an Ombudsman, and as such not a training provider. We are however in a unique position to see good practice, encourage improvement through our status and standing in the sector, and connect peer groups to improve dispute resolution practice.

Having a better understanding of who our customers are and what they need, is essential to our service delivery and value for money agenda. To inform our priorities and services to customers we have established a customer segmenting methodology.

Segmentation is based on a curve representing landlord dispute resolution performance across four domains; performance, awareness, motivation and capability. These can be summarised as:

- We are performing well (Performance)
- We know how we're doing (Awareness)
- We want to get better (Motivation)
- We're able to get better (Capability)

<ul style="list-style-type: none"> - target improvements for year 2 onwards • Unit cost of complaint resolution <ul style="list-style-type: none"> - establish baselines in year 1 (including revised activity based costing model) <ul style="list-style-type: none"> - target improvements for year 2 onwards • Customer (landlord and tenant) feedback; customer care, both how well they consider they were treated) whether they found the service helpful) <ul style="list-style-type: none"> - establish baselines in year 1 - target an increase in positive feedback for year 2 onwards 	<p>March 2015</p> <p>January 2015</p> <p>March 2015</p> <p>January 2015</p> <p>March 2015</p>
<ul style="list-style-type: none"> • Develop and launch e-learning module for tenants and designated persons for use of dispute resolution principles (this will be rolled out to all designated persons and to tenants through communication cascade by landlords) 	<p>December 2014</p>
<ul style="list-style-type: none"> • Landlord segmentation pilot involving 60 landlords (this work will establish baselines for landlord performance in complaint handling for providing data for future measurement of progress against business objectives) 	<p>August 2014</p>
<ul style="list-style-type: none"> • Landlord segmentation methodology rolled out to all (2465) member landlords 	<p>December 2014</p>
<ul style="list-style-type: none"> • Establish baselines of landlord performance against segmentation criteria 	<p>March 2015</p>
<ul style="list-style-type: none"> • Eight landlord consultation and accountability events – reaching 120 individual landlords (15 per event) 	<p>March 2015</p>
<ul style="list-style-type: none"> • Launch quarterly e-newsletter – sharing good practice in complaint handling with all (2465) member landlords 	<p>December 2014</p>
<ul style="list-style-type: none"> • Tenant panel register needs assessment (focus group approach) for all tenant panels on register 	<p>March 2015</p>
<ul style="list-style-type: none"> • Issue guidance to all member landlords for communicating whole complaint process to tenants (including designated persons and Ombudsman) 	<p>December 2014</p>
<p>Establish baselines for measurement of the following:</p> <ul style="list-style-type: none"> • The proportion of complaints resolved in local procedures, rather than escalated to the Ombudsman (over 3-5 years we expect to see this measure shift in favour of local resolution) • Numbers of complaints received by The Housing Ombudsman (over 5 years we expect to see these volumes reduce, against a baseline established in year 1). • Landlord complaint handling performance – the baseline will be established through the customer segmentation methodology referred to above (over 3-5 years we expect to see a shift towards improved performance) 	<p>March 2015</p>

Dispute resolution activity area	Timescale			
	2014-15	2015-16	2016-17	
Salary costs (inc. on costs) – employees involved in delivery of dispute resolution services	On going			
Transformational change programme				
<p>A three year multi-agency/partnership change programme to lead to ‘step change’ in complaint handling and dispute resolution (DR) practices.</p> <ul style="list-style-type: none"> ▪ Identify and discuss major issues and opportunities for rented housing sector with key stakeholders and partners. ▪ Start dialogue with partners/ organisations and assemble a group with enough sector influence to achieve improvements in complaint handling and dispute resolution practice. ▪ Create a vision of what needs to be achieved within the rented housing sector and develop multi-agency/partners strategies for achieving the vision – for example adoption of the Dispute Resolution Principles. Communicate the vision via a joined up multi-agency communications plan and role modelling of Dispute Resolution Principles and new behaviours ▪ Empower tenants and landlords to act on the vision by removing obstacles to change and working in a multi-agency, joined up way to change systems or structures that seriously undermine the vision (i.e. local resolution based on the Dispute Resolution Principles). Planning for visible performance improvements, creating those improvements, recognising and rewarding those involved in the improvements across the rented housing sector. ▪ Consolidate improvements and produce further change, using increased credibility of new complaint handling and dispute resolution practices to change systems, structures and policies that don’t fit the vision. Agencies, partners and landlords hiring, promoting, and developing those that can implement the vision. 	Commences Year 1	Ongoing Year 2	Ends Year 3	
Supporting local resolution in dispute resolution				
<ul style="list-style-type: none"> • Local Resolution and Formal Resolution (Investigation) activity based on enquiries and complaints duly made and within jurisdiction • Case studies and factsheets – improve resources for website and general distribution 	Ongoing Q2			

<ul style="list-style-type: none"> • Poor performing landlords – identify 10 landlords with systemic failings in complaint handling and support improvements 	Q1- Q4	On-going	On-going	
<ul style="list-style-type: none"> • Customer engagement <ul style="list-style-type: none"> ○ eight landlord consultation and accountability events ○ Tenant focus groups 	Q1- Q4	Ongoing	Ongoing	
<ul style="list-style-type: none"> • Mindset and behaviour change <ul style="list-style-type: none"> ○ Design and delivery of solutions/events ○ Delivery & building in house capacity 	Q2			
<ul style="list-style-type: none"> • Knowledge management – develop knowledge management portal for landlords and tenants 	Q1-Q4	Ongoing	On going	
<ul style="list-style-type: none"> • Pilot with ‘Our Housing’ – exploring possibilities of system for supporting tenant choice 	Q1			
<ul style="list-style-type: none"> • Platform support 	Q3-Q4	Ongoing		
<ul style="list-style-type: none"> • Dispute resolution principles – further embedding use of principles in the sector supported – review of e-learning 			Ongoing	
<ul style="list-style-type: none"> • Designated persons – gathering information on requirements 	Q2 and Q4			
<ul style="list-style-type: none"> • Delivery and building internal capacity 	Q2			
<ul style="list-style-type: none"> • Development of tenant panel register 		Ongoing		
<ul style="list-style-type: none"> • Digital newsletter – gathering information and disseminating good practice 	Q2-Q4	Ongoing	Ongoing	
<ul style="list-style-type: none"> • IT solutions – to support local dispute resolution and LL segmentation systems 	Q2-Q4		Ongoing	
<ul style="list-style-type: none"> • Customer enquiries – review arrangements for outsourced delivery of service for customer enquiries 				

8. Operations

The Housing Ombudsman is currently funded by subscription from member landlords. We are accountable to those landlords and their tenants to provide a service that represents the best possible value for money.

Our commitment is to drive up our service standards while reducing our overhead costs. We will do this by focussing on improving the efficiency of our systems and processes and making sure that we are using our resources effectively.

Improving efficiency

An important tool for improving efficiency of operating systems throughout the organisation is the results accountability performance management framework (described in section 5 above). This provides a framework for measuring performance, including our impact and effectiveness. It gives a mechanism for reviewing process effectiveness and efficiency throughout the organisation. It drives focussed action planning for performance improvement at individual, team and organisational levels. We will continue to embed and develop the results accountability framework. We will improve our data collection and reporting capability.

From April 2014 we have started to collect feedback from customers (both tenants and landlords) on their experience of the Service. We will use this feedback to identify and reduce activity that adds little or no value. We are also carrying out a review of our key business processes to reduce waste and improve focus on customers.

During preparation for launch of the new Service in April 2013 we re-structured the dispute resolution function. We have since reviewed leadership roles and the structure of the team providing finance and corporate service functions. The purpose of the review is to make sure that service provision at all levels is properly resourced – and all job roles are appropriate for the organisation. During this year we will complete that re-structuring work.

We have a programme of review of contracts with outsourced providers and use our procurement procedures to test value for money.

We are currently developing our Information Technology Strategy. Our aim is to develop an internal infrastructure that can deliver effectively and efficiently on the strategic business objectives, enable us to evidence and demonstrate the value of the Service and to have an agile solution for future requirements. Our strategy will also enable improvements in information management and data collection and reporting. This will help us to ensure that we meet the 'digital by default' agenda. We are using the strategy to explore ways to make data accessible to our member landlords so that they can benchmark against each other and improve their own performance. We will also seek to improve accessibility and transparency for all customers, and to improve information available to both tenants and landlords about our service generally and individual complaints.

Effective use of resources

Reserves strategy

The Housing Ombudsman will reduce its reserves to a level held by similar organisations by the end of 2016-17. A significant proportion of the reserves will be spent on projects in the business plan that qualify as capital spend (subject to capital budget approval).

The remainder will be allocated over the periods 2015-16 and 2016-17 to mitigate the subscription charged to member landlords.

In 2014-15 our capital projections indicate that (subject to budget approval) the reserves will fund capital projects over the next three years.

In 2015-16 and 2016-17 it is intended that the reserves will:

- Continue to underwrite potential need to spend to manage increased volumes and 'spikes' in demand,
- Support development of initiatives to support customer service and dispute resolution at the local level, and
- Fund work to re-configure the Service in the light of its Triennial Review, the European Union directive on Alternative Dispute Resolution and, possibly, a Public Services Ombudsman for England.

We will continue to review and revise our reserves strategy in the light of budget approvals and future spending reviews.

Allocation of reserves spend will be in line with "50 Ways to Save"; in particular the principle of using capital investment and to support 'spend to save'.

Distribution of the reserves will be driven by customer need; determined by work currently underway to segment our member landlords according to their current complaint handling performance, and design of service for maximum impact.

The background to these levels are reserve are as follows:

The statutory Housing Ombudsman was created by the Housing Act 1996 with effect from 1 April 1997. The Service was administered from that date until 31 March 2013 by a private company limited by guarantee; Independent Housing Ombudsman Limited (IHOL). From 1 April 2013 the Service has been administered by a corporation sole; The Housing Ombudsman.

From 1 April 1997 the Service has been funded from per-unit annual subscriptions from members of the Housing Ombudsman Scheme approved, in accordance with the 1996 Act, by the Secretary of State. From the outset, the Board of IHOL authorised the established of reserves. Initially this was to make provision for the procurement of appropriate accommodation for the Service.

From 2007, the Board continued to authorise the accumulation of reserves to meet any deficit in IHOL's pensions' liability as an admitted body of Westminster Local Government Pension Service.

On 2 April 2013 the governance arrangements for the Service changed from that of a limited company to a corporation sole. Under the terms of a guarantee between DCLG and Westminster LGPS, DCLG agreed to meet any future liabilities of The Housing Ombudsman in the event that DCLG were to cause the winding up of the corporation sole.

The upshot of these events is that most of the reserves currently held by The Housing Ombudsman has built up from the subscription contributions of members of the Scheme coming from the 'Housing Association' sector.

Review of funding mechanisms

We have committed to review our current subscription-based funding model in 2015-16. The review will allow us to identify a funding mechanism that is proportionate and fair, provides good value for customers, and meets the requirements of HMT.

Review of Governance

The Housing Ombudsman will be due for Triennial review in 2016. In advance of this review being carried out by the Department of Communities and Local Government we will conduct a review of our current governance arrangements to help to ensure that the model used is appropriate to the operating environment and The Housing Ombudsman's future strategy.

Operational activity 2014-15

In support of delivery of the four strategic business objectives:

- *Designated persons are able to **play their part** in resolving disputes fairly*
- *Tenants and landlords have **increased trust** in dispute resolution*
- *Tenant and landlord **relations are improved***
- *Landlords have a **positive view of complaints***

To ensure that service delivery is; efficient, effective and provides value for money, transparent and accessible.

Operational activity area	Timescale			
	2014-15	2015-16	2016-17	
Salary costs (inc. on costs) – employees not involved in delivery of dispute resolution services	On going			
Operations and internal support function	On going			
Performance management framework <ul style="list-style-type: none"> • Develop reporting system and software to support reporting for strategic business objectives organisational performance • Develop and extend customer feedback collection and analysis 	Q4 Q3			

<ul style="list-style-type: none"> • Improve internal data analysis capability – to support the performance management framework and the use and application of customer insight • Strengthen performance management by introducing 360° feedback for leaders and managers 	<p>Q2</p> <p>Q4</p>			
<p>Business process development – reviewing processes to ensure alignment to delivery of strategic business objectives, customer focus and efficiency</p> <ul style="list-style-type: none"> • Plan, prioritise and implement business process improvement activity • Accounts payable activity – procurement and outsourced 	<p>Q1 on-wards</p> <p>Q3</p>	<p>Ongoing</p>		
<p>IT strategy development – to enable efficient and effective delivery of the strategic business objectives</p> <ul style="list-style-type: none"> • Information management – design and implement improved systems for internal information management • Customer access to data – identify need and develop systems to allow customers to access their own complaint and benchmarking data 	<p>Q4</p>	<p>Dec 2015</p>		
<p>Restructure – complete organisation restructure to ensure right fit roles and efficient service delivery</p> <ul style="list-style-type: none"> • Complete restructure plans for leadership team & implementation • Complete and implement plans for delivery of finance and corporate services functions 	<p>Q2/Q3</p> <p>Q2/Q4</p>			
<p>Review recruitment and selection approach – to ensure that recruitment practice provides value for money and high quality candidates</p> <ul style="list-style-type: none"> • Re-procurement of recruitment service providers • Review recruitment approach with DCLG 	<p>Q2</p> <p>Q2/3</p>			
<p>Quality assurance, internal control and risk – to ensure appropriate assurance for THO and SoS and to drive service improvement and efficiency</p> <ul style="list-style-type: none"> • ARAC recruitment and induction • Develop quality assurance approach (research options, plan and implement) 	<p>Q2/Q3</p> <p>Q3</p> <p>Q3</p>			

<ul style="list-style-type: none"> • Develop audit programme • Implementation of audit programme • Review audit programme • Review, develop and implement internal risk management methodology 	Q4	On-going Dec 2015 Q1 onwards		
<p>Governance</p> <ul style="list-style-type: none"> • Review governance arrangements for THO – in preparation for Triennial review by DCLG • External review of Cabinet Office spend control procedures 	Q2	Q2		
<p>Funding mechanisms – are proportionate and fair, provide good value for customers and meet requirements of HMT</p> <ul style="list-style-type: none"> • Review funding mechanisms for THO including early discussions with sponsoring team • Review recruitment spend controls processes 	Q2	Q1		