



Department for  
Communities and  
Local Government

**Housing**  
Ombudsman Service

# **The Housing Ombudsman**

**Framework Document**

**December 2017**

Based on the original Framework published in 2013, this document has been updated by the Department for Communities and Local Government (DCLG) in agreement with the Housing Ombudsman (THO).

## Foreword

- The Framework Document sets out the respective responsibilities and accountability of THO, the Secretary of State for Communities and Local Government (the Secretary of State) and the Permanent Secretary for the Department for Communities and Local Government (DCLG) in light of the fact that THO is one of DCLG's sponsored bodies operating in accordance with section 51 of the Housing Act 1996 and the Housing Ombudsman Scheme (the Scheme) approved by the Secretary of State.
- The Framework Document recognises the personal authority of THO in relation to complaints and investigations, and does not impose any restrictions on the independent exercise of THO's quasi-judicial statutory functions.
- This document does not convey any legal powers or responsibilities. If there is any potential conflict between the Scheme and this document, the Scheme will take precedence. This Framework Document is signed and dated by DCLG and THO. Copies of this document have been placed in the libraries of both Houses of Parliament and made available to members of the public on THO's website (<http://www.housing-ombudsman.org.uk/>).
- Any amendments to the body of this Framework Document must be agreed between DCLG and THO or their representatives. The Annexes to this Framework Document may be amended by agreement between THO and the Permanent Secretary for DCLG or their representatives (normally the Director of Housing Standards and Support) and an up-to-date version published on THO's website.
- Both DCLG and THO will carry out their responsibilities under this Framework Document, and deal with requests associated with their respective responsibilities in a timely manner.
- Any questions regarding the interpretation of this Framework Document will be resolved where possible through agreement between the Permanent Secretary or his or her representative (normally the DCLG Director of Housing Standards and Support) and THO.

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# 1 Purpose of THO

1.1 The purpose of THO as set out in the Housing Act 1996, and amended by the Localism Act 2011, is to administer the Housing Ombudsman Scheme and to enable tenants and other individuals to have complaints about member landlords investigated in accordance with the Scheme approved by the Secretary of State. Under the terms of the Scheme approved by the Secretary of State for DCLG (which took effect on 1 April 2013) the role of THO is to:

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

1.2 THO's vision is [Housing Matters: Fairness Matters](#).

“We ensure the fair and impartial resolution of housing complaints, locally where possible. We put things right and encourage learning from outcomes. We improve landlord and tenant relations and housing services. We aim to role model the service we expect of others”

1.3 To see the latest version of THO's strategic objectives visit [www.housing-ombudsman.org.uk](http://www.housing-ombudsman.org.uk).

1.4 The service is independent and impartial. Membership of the Scheme is compulsory for social landlords (primarily housing associations who are or have been registered with the Social Housing Regulator) and local housing authorities. Additionally, a number of managing agents and private landlords are voluntary members.

1.5 The Housing Act 1996 as amended by the Localism Act 2011 also gives “designated persons” a role in dealing with disputes between members of the Scheme and their residents, and in referring complaints that have not been resolved through the landlord's procedures to THO.

## 2 Accountability

- 2.1 THO's powers and duties stem from S51 of, and Schedule 2 to, the Housing Act 1996. THO is responsible for delivering his or her statutory functions in accordance with the Scheme, ensuring that these are exercised in an efficient and effective manner.
- 2.2. The Ombudsman is appointed by the Secretary of State for Communities and Local Government under S51 of, and Schedule 2 to, the Housing Act 1996. The appointment process is in line with the Governance Code on Public Appointments and may include a pre-appointment hearing before the CLG Select Committee.
- 2.3 THO is the independent person appointed by the Secretary of State for Communities and Local Government to administer the Housing Ombudsman Scheme. THO is accountable to the Secretary of State for Communities and Local Government for fulfilling this role in accordance with the terms of the Scheme.
- 2.4 THO is also appointed as Housing Ombudsman to investigate complaints against social landlords in accordance with the Scheme. THO is solely responsible for the conduct of dispute resolution and the determination of complaints. THO must be independent and reach fair and impartial decisions when exercising these functions. Staff exercising these functions do so on behalf of the Ombudsman under his or her delegated authority. THO acts with independent discretion in relation to these functions and is accountable to Parliament in this role. THO may be required to give evidence before the DCLG Select Committee.
- 2.5 The Secretary of State:
- sets the legislative framework within which THO determines its strategic direction;
  - approves changes to the Scheme under the Housing Act 1996;
  - appoints THO under S51 of, and Schedule 2 to, the Housing Act 1996, in line with the Governance Code on Public Appointments;
  - approves THO's business plan and budget;
  - approves any increases to the subscription level;
  - accounts for THO's business in Parliament; including laying THO's annual report and accounts before Parliament;
  - may remove THO from office in accordance with paragraph 10(3) of Schedule 2 to the Housing Act 1996 and paragraph 63 of the Scheme;

- may appoint a person or people as Acting Ombudsman if THO is indisposed or otherwise prevented from carrying out his or her duties; and
- may appoint a responsible minister to lead on matters relating to THO.

2.6 The Permanent Secretary is responsible for supporting the Secretary of State in his statutory role under the Housing Act 1996 but will delegate responsibilities to the Director of Housing Standards and Support and the Director of Finance. They will liaise with the Ombudsman regularly to discuss relevant developments in law, guidance and policy which could have an impact on THO strategy or performance.

## 3 Accounting Officer Responsibilities

### DCLG's Accounting Officer Responsibilities

- 3.1 The Permanent Secretary for DCLG, as DCLG's Principal Accounting Officer (DCLG PAO), has designated THO as the Accounting Officer for THO (AO). The respective responsibilities of the DCLG Accounting Officer and Accounting Officers for ALBs are set out in Chapter 3 of *Managing Public Money*, which is sent separately to the Accounting Officer on appointment.
- 3.2 The DCLG PAO is responsible for advising the responsible minister:
- on whether the budget and business plan submitted by THO allows him or her to carry out statutory functions effectively and in accordance with the Scheme;
  - how well THO is achieving the strategic objectives set out in the business plan and whether the organisation is delivering value for money.
- 3.3 The DCLG PAO is also responsible for ensuring arrangements are in place in order to:
- inform THO of relevant government policy in a timely manner;
  - monitoring THO's performance against the strategic objectives in the business plan;
  - address significant problems in the Housing Ombudsman Service (HOS), making such interventions as are judged necessary;
  - periodically carry out an assessment of the risks both to DCLG and THO's objectives and activities;
  - bring concerns about the activities of the organisation to the AO and as appropriate to the DCLG's Executive Team, and/or to DCLG's Board, requiring explanations and assurances that appropriate action has been taken.
- 3.4 The Partnership and Delivery Unit and Policy Teams at DCLG are the primary contact for THO. They are the main source of advice to the responsible minister on the discharge of his or her responsibilities in respect of THO. They also support the PAO on his or her responsibilities towards THO. They are accountable to the Directors of Finance and Housing.



## THO Accounting Officer Responsibilities

3.5 THO as AO is personally responsible for:

- ensuring that THO's Corporate Plans and annual Business Plans are in line with THO's statutory role and purpose in the light of the Scheme and sector needs;
- setting strategic objectives and an appropriate budget to meet corporate and business plan needs and to deliver value for money;
- safeguarding the public funds of THO for which he or she has charge;
- ensuring propriety, regularity, value for money and feasibility in the handling of those public funds;
- the day-to-day operations and management of THO; and
- ensuring that the THO operates an effective system of governance, decision-making and financial management in accordance with the legislation, the Scheme, the Framework Document agreed between DCLG and THO and the requirements in *Managing Public Money*, as well as directions and guidance issued from time to time by DCLG, the Treasury, and the Cabinet Office.

3.6 The AO's responsibilities for accounting to parliament include:

- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State or HMT;
- preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts;
- ensuring that effective procedures for handling complaints about the HOS are established and made widely known within the HOS;
- acting in accordance with the terms of this document, *Managing Public Money* and other instructions and guidance issued from time to time by DCLG, HM Treasury and the Cabinet Office; and
- giving evidence, normally with the PAO, when summoned before the Public Accounts Committee ("PAC") on THO's stewardship of public funds.

3.7 The AO will:

- inform DCLG of progress in delivering THO's corporate and business plans; in fulfilling his or her statutory functions; and in demonstrating how resources are being used to achieve those priorities;
- provide timely forecasts and monitoring information on performance and finance to DCLG;

- promptly notify DCLG if over or under spends are likely and ensuring that corrective action is taken;
- ensure that any significant problems, whether financial or otherwise, are immediately notified to DCLG with proposals to address them where possible.

## 4 Governance and structure

- 4.1 The Housing Ombudsman is a Corporation Sole. The Corporation is constituted in the person of the Housing Ombudsman and his or her successors in that office. As a public appointee the Housing Ombudsman is not an employee of the Corporation Sole.
- 4.2 The Corporation Sole is a distinct legal entity with legal capacity. As a corporation sole, the Housing Ombudsman does not have a Board of Directors – that role and function, and all property, rights, assets, and liabilities are vested in the appointed Housing Ombudsman.
- 4.3 THO administers and operates in accordance with the Housing Ombudsman Scheme (the Scheme) which was approved by the Secretary of State for Communities and Local Government under section 51 of, and Schedule 2 to, the Housing Act 1996.
- 4.4. Membership of the Scheme is compulsory for social landlords (primarily housing associations who are or have been registered with the social housing regulator) and local housing authorities. Additionally, a number of managing agents and private landlords are voluntary members. THO is funded through a subscription from members on a per unit basis. THO may increase subscriptions only with the approval of the Secretary of State. Provision is made in the Scheme for funding to be provided by way of grant-in-aid should this be necessary.
- 4.5 Under the terms of the legislation and the Scheme, THO is appointed both as Ombudsman to make determinations and as the independent person to administer the Scheme. THO is enabled to establish and maintain an organisation, staff and employees to assist THO in the discharge of his or her functions. THO and his or her staff operate in accordance with the Scheme and, collectively, they are known as the HOS).
- 4.6 THO is solely responsible for the conduct of dispute resolution and the determination of complaints. He or she must be independent and reach fair and impartial decisions when exercising these functions. Staff exercising these functions do so on behalf of the Ombudsman under the Ombudsman's delegated authority.
- 4.7. THO will employ a Senior Leadership team who will support, assure and advise him or her in the exercise of all THO's responsibilities, including

advising on and helping to adapt the strategic direction and operational plans for the HOS as necessary.

- 4.8 THO must appoint, with involvement from DCLG Partnership and Delivery Unit, and the approval of the Secretary of State, an Audit and Risk Assurance Committee ("the ARAC"). Any reappointments will be agreed with DCLG. The ARAC must comply with HM Treasury best practice (currently set out in the Audit and Risk Assurance Committee handbook) with adaptations appropriate to the governance structure of THO. The current terms of reference of the ARAC are set out at Annex A to this Framework Document. These reflect current best practice and may be updated by agreement between the DCLG Permanent Secretary (as PAO) or his or her representative (normally the DCLG Director of Housing Standards and Support) and the Housing Ombudsman (as AO).
- 4.9 THO may appoint, with involvement from DCLG Partnership and Delivery Unit, a Panel of Advisors (the Panel). The Panel will assist in such matters as THO considers relevant and as set out in its terms of reference. The current terms of reference of the Panel are set out at Annex B to this Framework Document. These reflect current best practice and may be updated by agreement between the DCLG Director of Housing Standards and Support and the Housing Ombudsman.
- 4.10 Neither the Panel nor the ARAC are legally separate entities from THO. Remuneration for members of the ARAC and the Panel will be in line with that received by non-executive members of similar ALBs.
- 4.11 The Ombudsman is responsible to the Secretary of State as Corporation Sole for administering the Scheme (though not in the exercise of THO's personal authority as Housing Ombudsman in relation to the conduct of dispute resolution and the determination of complaints). Communications between THO and the Secretary of State (or the responsible Minister) should normally be through the Ombudsman as administrator of the Scheme. The Ombudsman is responsible for ensuring that THO fulfils its statutory purpose in accordance with the Scheme, delivers its agreed corporate and business plan priorities and that THO's affairs are conducted with probity. Where appropriate these policies and actions should be communicated throughout the HOS and to residents and members.
- 4.12 In addition, THO has the following leadership responsibilities:
- Formulating THO strategy;
  - Ensuring that THO, in reaching business decisions, takes proper account of guidance provided by the responsible minister or DCLG officials;

- Promoting the efficient and effective use of staff and other resources;
- Delivering high standards of regularity and propriety;
- Communicating THO's views to residents, members and the general public.

4.13 THO also has an obligation to ensure that:

- The ARAC has a balance of skills appropriate to advising the Ombudsman in accordance with the Audit and Risk Assurance Committee Handbook.
- ARAC and Panel members are fully briefed on terms of appointment, duties, rights and responsibilities.
- ARAC and Panel members, together with THO Senior Leadership team, receive appropriate training on financial management and reporting requirements and on any differences which may exist between private and public sector practice.
- THO, with assistance from an independent ARAC attendee, assesses the performance of the Chair of the ARAC on an annual basis. The Chair assesses the performance of other ARAC members.

4.14 THO has personal authority for all matters relating to the conduct of dispute resolution and the investigation, determination and remedy of complaints. He or she acts with independent discretion in this role and is accountable to Parliament in this role.

## 5 THO's Staff

5.1 Within the terms of the Scheme, THO will have responsibility for the recruitment, retention and motivation of his or her staff. The broad responsibilities toward THO's staff are to ensure that

- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit;
- there is no discrimination on grounds of: age, disability, sex, gender assignment, pregnancy, maternity, race (which includes colour, nationality and ethnic or national origin), sexual orientation, religion or belief, or because someone is married or in a civil partnership;
- the level and structure of THO's staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
- the grading structure is underpinned by appropriate systems for job evaluation;
- the performance of THO's staff at all levels is satisfactorily appraised and THO's performance measurement systems are reviewed from time to time;
- THO's staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve THO's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place.

5.2 Subject to his or her delegated authorities, THO shall ensure that the creation of any additional posts does not incur forward commitments that will exceed the organisation's ability to pay for them.

### **Pay and conditions of service**

5.3 THO is responsible for ensuring staff resources are kept under review and best directed to meeting THO's objectives. The staff contractors, consultants or agents employed by the Ombudsman will be appointed and dismissed by the Ombudsman.

5.4 Within the approved budget and the established terms and conditions of employment, THO will employ staff in accordance with the requirements of the Scheme, taking into account the annual Treasury guidance on public sector

pay. DCLG approval (and HMT approval where appropriate) will be required for major structural changes to pay and reward and grading systems. DCLG will in turn consult HM Treasury.

- 5.5 Staff terms and conditions should be set out in an Employee Handbook, which should be provided to DCLG together with subsequent amendments.
- 5.6 THO shall comply with all its legal obligations to staff and agency/contract workers (including its contractual obligations) and, for e.g. with the EU Directive on contract workers as implemented by the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations 2002, as amended by the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations 2008.
- 5.7 THO staff shall be eligible for a pension provided by the Local Government Pension Scheme (operated in practice by the City of Westminster Pension Fund). Staff may opt out of the occupational pension scheme provided by THO. Any proposal by THO to move from the existing pension arrangements requires the prior approval of DCLG. Employer's contributions to any personal pension arrangements, including stakeholder pensions, shall normally be limited to the national insurance rebate.
- 5.8 Proposals on severance payments must comply with Chapter 4 of *Managing Public Money* and take into account any relevant DCLG and HMT guidance.

## **6 Annual Report and Accounts**

- 6.1 After the end of each financial year, THO shall publish an annual report and financial statements.
- 6.2 The annual report and financial statements should be prepared in accordance with the specific Accounts Direction issued by DCLG or HMT and with HMT's Financial Reporting Manual ("FReM"). They shall be signed by the AO.
- 6.3 The annual report and financial statements shall be laid in Parliament by the Secretary of State and made available on THO's website.
- 6.4 THO may from time to time publish other reports arising from his or her work or research including such summaries of THO's determinations and any conclusions which he or she wishes to bring to a wider audience.



## **7 Audit**

### **Internal Audit**

7.1 Arrangements should be made for the internal audit of THO.

7.2 THO shall:

- with involvement of the Chair of the ARAC, establish and maintain arrangements for internal audit in accordance with the *Treasury's Public Sector Internal Audit Standards (PSIAS)*;
- ensure DCLG is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with PSIAS;
- forward the audit strategy, periodic audit plans and annual audit report, including THO's Head of Internal Audit's opinion on risk management, control and governance as soon as possible to DCLG; and
- keep records of, and prepare and forward to DCLG an annual report on fraud and theft suffered by THO and notify DCLG of any unusual or major incidents as soon as possible.

7.3 The internal audit service has a right of access to all documents, other than confidential case files held on THO's casework management system, for any purpose related to audit, as limited by data protection and information management legislation and governance in force.

### **External Audit**

7.4 By virtue of paragraph 69 of the Scheme approved by the Secretary of State for Communities and Local Government under section 51 of, and Schedule 2 to, the Housing Act 1996 or the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2017, THO's accounts will be audited by the Comptroller and Auditor General ("C&AG").

7.5 The C&AG will prepare a management letter each year. THO shall copy the letter to DCLG as soon as possible. The management letter will report on any serious internal control weaknesses identified through the normal course of the audit work.

7.6 The C&AG:

- will consult DCLG and THO on whom – the NAO or a commercial auditor – shall undertake the audit on THO's behalf, though the final decision rests with the C&AG; and

- has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from THO.

7.7 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which THO has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, THO shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

## **Right of access**

7.8 DCLG has a right of access to all documents, other than confidential case files held on THO's casework management system, for any purpose related to sponsorship, as limited by data protection and information management legislation and governance in force.

## 8 Management and Financial Responsibilities

### Financial management

- 8.1 THO shall follow the principles, rules, guidance and advice in *Managing Public Money*, referring any difficulties or potential bids for exceptions to the ALB Partnerships and Delivery Unit at DCLG in the first instance. A list of guidance and instructions with which THO should comply is in Annex C.
- 8.2 Once the business plan and budget have been approved by the Secretary of State, and subject to any restrictions imposed by the responsible minister's instructions, THO shall have authority to incur revenue and capital expenditure approved in the budget without further reference to DCLG, on the following conditions:
- THO shall comply with the budget delegations set out in Annex D and in the annual budget delegation letter to THO. These delegations shall not be altered without prior agreement by DCLG;
  - THO shall comply with *Managing Public Money* regarding novel, contentious or repercussive proposals;
  - THO will comply with the Cabinet Office and DCLG Spending Controls.
  - Inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed; and
  - THO shall provide DCLG with such information about its operations, performance on individual projects or other expenditure as DCLG may reasonably require.

### Risk Management

- 8.3 THO shall ensure that the risks he or she faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance *Management of Risk: Principles and Concepts*: [http://www.hm-treasury.gov.uk/orange\\_book.htm](http://www.hm-treasury.gov.uk/orange_book.htm)

### Fraud and Theft

- 8.4 THO shall adopt and implement policies and practices to safeguard THO against fraud and theft, in line with the Treasury's and NAO's guidance on tackling internal and external fraud: [http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/managing\\_the\\_risk\\_fraud\\_guide\\_for\\_managers.pdf.pdf](http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf.pdf) and

[https://www.nao.org.uk/wp-content/uploads/2013/02/Tackling\\_External\\_Fraud.pdf](https://www.nao.org.uk/wp-content/uploads/2013/02/Tackling_External_Fraud.pdf)

- 8.5 THO shall keep records of, and prepare to forward to DCLG an annual report on fraud and theft suffered by THO, and notify DCLG of any unusual or major incidents as soon as possible.

### **Subscription Income**

- 8.6 Under the terms of the legislation the THO is funded through a subscription from members, the amount of which will be decided by THO (calculated by reference to the number of units covered by the Scheme) and payable on demand.
- 8.7. THO may increase subscriptions only with the approval of the Secretary of State.

### **Business Plans**

- 8.8 Prior to the start of each financial year, THO will publish a business plan including projected annual budget, performance criteria, and targets. THO must have regard to the number of disputes being or likely to be submitted to THO, to the proposed performance criteria and targets and the need to have appropriate and adequate resources to enable him or her to carry out his or her functions effectively in a timely manner, and in accordance with the Scheme.
- 8.9 Every year, usually by November, THO will consult residents and members of the Scheme. on the draft business plan. The consultation document will be sent to DCLG for information in advance of consultation.
- 8.10 Following consultation each year, the business plan, including strategic objectives and the budget, will be reviewed and amended as appropriate and submitted to DCLG for approval by the Secretary of State. This will usually be done by February each year.
- 8.11 The following key matters should be included in the plan:
- key objectives and associated key performance targets for the forward years;
  - key non-financial performance targets;
  - a review of performance in the preceding financial year and an estimate of performance in the current year; and

- alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast.

### **Budgeting Procedures**

8.12 Each year, once the draft business plan and budget has been approved, DCLG will send to THO a formal statement of the annual budget allocation.

### **Grant-In-Aid and any Ring-Fenced Grants**

8.13 Any grant-in-aid provided by DCLG for the year in question will be voted in DCLG's Supply Estimate and be subject to Parliamentary control.

8.14 The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. THO will comply with the general principle that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of THO. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, DCLG will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.

8.15 In the event that DCLG provides THO separate grants for specific (ring-fenced) purposes, it will issue the grant as and when THO needs it on the basis of a written request. THO will provide evidence that the grant was used for the purposes authorised by DCLG. THO shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year.

### **Reviewing and reporting Financial and Non-Financial Performance to DCLG**

8.16 THO shall operate management, information and accounting systems which enable THO to review in a timely and effective manner THO's financial and non-financial performance against the budgets and targets set out in the corporate and business plans.

8.17 THO shall inform DCLG of changes that make the achievement of objectives more or less difficult, or a change to the budget. THO shall regularly provide information on financial and non-financial performance, including performance relevant to Ministerial policy and the achievement of key objectives.

8.18 THO's performance shall be formally reviewed by the Department such as:

- The Ombudsman and the responsible minister may meet during the year to discuss the work of THO including performance.
- The Ombudsman and Directors of Housing or Finance may meet on an ad hoc basis to discuss strategic developments and/or THO performance.
- The Ombudsman (Accounting Officer) and the Department's Directors of Finance or Housing or ALB Partnerships Deputy Director and Policy Deputy Director will meet quarterly (Accounting Officer meetings) to review THO's financial reports, achievement of its strategic objectives in the business plan, risk management and policy developments.

8.19 DCLG shall monitor THO's cash management and provide forecast information to HM Treasury on a monthly basis. To facilitate this, THO is required to submit financial information to DCLG to a timetable, format and level of detail specified by DCLG. THO shall also provide quarterly performance data e.g. dashboards.

### **Delegated Authorities**

- 8.20 THO's delegated authorities are set out in Annex D and in the annual delegation letter. THO shall obtain DCLG's prior written approval before:
- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in THO's annual budget as approved by DCLG;
  - incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
  - making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by DCLG;
  - making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required; or
  - carrying out policies that go against the principles, rules, guidance and advice in *Managing Public Money*.

### **Transparency**

8.21 THO follows the Transparency Code on data, including making data available to the public in line with the DCLG Spending Controls guidance.

## 9 Arrangements for Review

- 9.1 THO will be reviewed at least once in the lifetime of a Parliament in line with Cabinet Office guidance. The next review of THO will be completed by September 2019.
- 9.2 In the event that THO is wound up, DCLG shall put in place arrangements to ensure the orderly dissolution of THO. In particular, it should ensure that the assets and liabilities of THO are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to DCLG.) To this end, DCLG shall:
- ensure that procedures are in place in THO to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
  - specify the basis for the valuation and accounting treatment of THO's assets and liabilities;
  - ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that, for non-Crown bodies funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts; and
  - arrange for the most appropriate person to sign the closing accounts. In the event that another ALB takes on the role, responsibilities, assets and liabilities, the succeeding ALB AO should sign the closing accounts. In the event that DCLG inherits the role, responsibilities, assets and liabilities, DCLG's AO should sign.

## **Annex A**

### **Audit and Risk Assurance Committee Terms of Reference**

#### Role of the ARAC

THO will use the ARAC to help him or her in his or her responsibility for issues of risk control and governance, reviewing the comprehensiveness of assurances in meeting his or her assurance needs and reviewing the reliability and integrity of these assurances.

#### Membership

The ARAC shall comprise at least four people who are not members of THO's staff, one of whom will chair the Committee.

The members of the ARAC will be appointed by THO following an open and transparent selection process which will involve DCLG Partnership and Delivery Unit representation on the interview panel. The appointments, including the selection of the Chair, will be subject to the approval of the Secretary of State. Appointments will be for three years and may be extended once. Any reappointments will be agreed with DCLG. The Chair of the ARAC will be involved in the appointment of new committee members and reappointment of existing members.

THO will not be a member of the ARAC but will attend its meetings. The ARAC is not a legally separate entity from THO.

The ARAC will be provided with a secretariat function.

Members of the ARAC will act in accordance with the principles of the Cabinet Office's Code of Conduct for Board Members of Public Bodies. Members will also uphold the seven principles of the Committee on Standards in Public Life's guidance (the Nolan Principles), namely:

1. Selflessness
2. Integrity
3. Objectivity
4. Accountability
5. Openness
6. Honesty
7. Leadership.

Members of the ARAC must declare any personal or business interests which may, or may be perceived to, influence their judgement in performing their role. These interests will be included in a register of interests maintained by THO which will be



made available on the THO website. Members of the ARAC must ensure that their entries are kept up to date.

### Responsibilities

The ARAC will comply with the ARAC handbook (with adaptations appropriate to the governance structure of THO).

The ARAC will advise the AO on:

- the strategic processes for risk, control and governance and the Governance Statement;
- the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- the planned activity and results of both internal and external audit;
- adequacy of management response to issues identified by audit activity, including external audit's management letter;
- assurances relating to the management of risk and corporate governance requirements for the organisation;
- proposals for tendering for Internal Audit services or for purchase of non-audit services from contractors who provide audit services;
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations; and
- the ARAC will also periodically review its own effectiveness and report the results of that review to the AO.

At least two members of the ARAC will also be members of the Panel of Advisors, if established.

The ARAC should maintain effective communication with all stakeholders, including internal audit, external audit and the DCLG Partnership and Delivery Unit. At the discretion of its Chair, the ARAC may also seek advice from the Chair of the DCLG ARAC.

### Reporting

The ARAC will provide the AO with an Annual Report, timed to support finalisation of the accounts and the Governance Statement, summarising its conclusions from the work it has done during the year.

### Rights

The ARAC may:

- co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience; and
- procure specialist ad-hoc advice at the expense of HOS, subject to budgets agreed by the AO.

### Access

The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the ARAC.

### Meetings

The ARAC will meet at least four times a year. The Chair of the ARAC may convene additional meetings, as they deem necessary.

A minimum of three members of the ARAC will be present for the meeting to be deemed quorate.

In the absence of the Chair for the whole or part of a meeting, the ARAC may elect a temporary Chair from one of the members present for the period of such absence.

The ARAC meetings will normally be attended by the AO, the Director of Finance and Corporate Performance, the Head of Internal Audit, a representative of External Audit. Representatives from the DCLG policy team and Partnership and Delivery Unit will be invited to every meeting and will receive copies of agendas and minutes.

The ARAC may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter.

The ARAC may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

The AO may ask the ARAC to convene further meetings to discuss particular issues on which they want the Committee's advice.

Members of the ARAC will be remunerated in line with remuneration received by non-executive members of similar ALBs.

ARAC meetings shall only be cancelled by THO with the express agreement of the Chair.

### Information requirements

For each main meeting, the ARAC will be provided with:

- a report summarising any significant changes to the organisation's strategic risks and a copy of the Corporate Risk Register;
- a progress report from the Head of Internal Audit summarising:
  - work performed (and a comparison with work planned);
  - key issues emerging from the work of internal audit;
  - management responses to audit recommendations;
  - changes to the agreed internal audit plan; and
  - any resourcing issues affecting the delivery of the objectives of internal audit.

- a progress report (written/verbal) from the External Audit representative summarising work done and emerging findings (this may include, where relevant to the organisation, aspects of the wider work carried out by the NAO, for example Value for Money reports and good practice findings);
- a report tracking actions from previous meetings;
- management assurance reports; and
- reports on the management of major incidents, “near misses” and lessons learned.

As and when appropriate the ARAC will also be provided with:

- proposals for the terms of reference of internal audit;
- the internal audit strategy;
- copies of finalised internal audit reports
- the Head of Internal Audit’s Annual Opinion and Report;
- quality assurance reports on the internal audit function;
- the draft accounts of the organisation;
- the draft Governance Statement;
- a report on any changes to accounting policies;
- external audit’s management letter;
- a report on any proposal to tender for the internal audit function;
- a report on co-operation between internal and external audit;
- the organisation’s risk management strategy;
- copies of relevant policies; and
- other documents and reports as required which are within the ARAC’s terms of reference.

## **Annex B**

### **Panel of Advisors – Terms of Reference**

#### Role of the Panel of Advisors

The Panel of Advisors (the Panel) is a non-statutory forum whose main role is to provide support and advice to THO in providing leadership and good governance of the office of THO. The Panel brings an external perspective to assist THO in the development of policy and practice.

Members of the Panel will be available for THO to consult individually and collectively as and when THO deems it useful. The members of the Panel have an advisory function only and have no executive functions or decision-making remit.

The Panel provides specific advice and support to THO on the development and implementation of:

- vision, values and objectives;
- strategic direction and business planning;
- public accountability for the subscriptions received.

#### Membership

Membership comprises:

- THO (who will Chair meetings of the Panel);
- two members of the ARAC (who will be chosen by ARAC members); and
- six external members who will be appointed by THO following an open and transparent selection process which will involve DCLG Partnership and Delivery Unit representation on the interview panel.

The Ombudsman may also, following consultation with the Panel:

- co-opt up to 2 additional members for a period not exceeding a year to provide specialist skills, knowledge and experience.

Appointments to the Panel will be for three years and may be extended once.

DCLG Director of Housing Standards and Support or his or her representative and the Head of THO's sponsorship team will be invited to attend each meeting and will receive copies of all agendas and minutes but are not formally members of the Panel.

The Panel will be provided with a secretariat function.

HOS staff may attend the Panel's meetings but are not formally members of the Panel.

Members of the Panel will act in accordance with the principles of the Cabinet Office's Code of Conduct for Board Members of Public Bodies. Members will also uphold the seven principles of the Committee on Standards in Public Life's guidance (the Nolan Principles), namely:

1. Selflessness
2. Integrity
3. Objectivity
4. Accountability
5. Openness
6. Honesty
7. Leadership

Membership of the Panel will be in the public domain and members will be able to acknowledge their membership. Membership is personal and is not transferable to others within the same organisation, so Panel members are required to attend meetings themselves and not send substitutes.

Members of the Panel must declare any personal or business interests which may, or may be perceived to, influence their judgement in performing their role. These interests will be included in a register of interests, maintained by THO, which will be made available on the THO website. Members of the Panel must ensure that their entries are kept up to date.

### Meetings

The Panel will meet at least twice a year, with provision for additional meetings to be made as necessary. Meetings may be conducted either in person or virtually (e.g. via audio, video or web conferencing or equivalent).

There will be no formal quorum at meetings of the Panel; this reflects the Panel's informal, non-executive, role but external members will always have a majority on the Panel.

Members of the Panel will be remunerated in line with non-executive members of similar ALBs. ARAC members who also sit on the panel will receive an additional fee for also being part of the Panel.

## Annex C

### List of government-wide corporate guidance instructions

In addition to this Framework Document, THO shall comply with the following general guidance documents and instructions:

- Appropriate adaptations of sections of Corporate Governance in Central Government Departments: Code of Good Practice  
<https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>
- Code of Conduct for Board Members of Public Bodies  
<https://www.gov.uk/government/publications/board-members-of-public-bodies-code-of-conduct>
- Partnerships with arm's length bodies: code of good practice  
<https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice>
- DCLG Consolidated Spending Controls Guidance
- *Managing Public Money (MPM)*;  
specifically:
  - Fees and Charges Guide, Chapter 6 of Managing Public Money;
  - Departmental Banking: A Manual for Government Departments, annex 5.6 of Managing Public Money;
  - Public Sector Internal Audit Standards,  
<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>
  - Management of Risk: Principles and Concepts;  
<https://www.gov.uk/government/publications/orange-book>
  - HM Treasury Guidance on Tackling Fraud,  
[http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/managing\\_the\\_risk\\_fraud\\_guide\\_for\\_managers.pdf.pdf](http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf.pdf)
- Government Financial Reporting Manual (FReM),  
<https://www.gov.uk/government/publications/government-financial-reporting-manual-2016-to-2017>;
- relevant Dear Accounting Officer letters;

- Regularity, Propriety and Value for Money,  
[http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/psr\\_governance\\_valueformoney.htm](http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/psr_governance_valueformoney.htm);
- relevant Freedom of Information Act guidance and instructions (Ministry of Justice);
- Model Code for Staff of Executive Non-departmental Public Bodies (Cabinet Office)  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/80082/PublicBodiesGuide2006\\_5\\_public\\_body\\_staffv2\\_0.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80082/PublicBodiesGuide2006_5_public_body_staffv2_0.pdf)
- other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
- other relevant instructions and guidance issued by the central Departments;
- specific instructions and guidance issued by DCLG;
- recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to THO.

## Annex D

### THO's Delegated Authorities<sup>1</sup>

Area	Delegation
Write off of income and abandoned claims on third parties	Write offs up to £2,500
Charitable donations	Annual donations up to £500
Losses and special payments	Losses and special payments up to £2,500
Proposals for making gifts	All gifts up to £500

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<sup>1</sup> All amounts are stated exclusive of VAT.