



Customer Services

Annual Report of Local Government Ombudsman Complaints

1 April 2011 – 31 March 2012



Contents



Section	Page
1.0 Introduction	3
2.0 Enquiries and complaints received	3
3.0 Outcomes of complaints	5
4.0 Reports and Local Settlements	5
5.0 Complaint handling and response times	6
6.0 LGO Developments 2011/12	6
7.0 SCC priorities for 2012/13	7

1. Introduction

- 1.1. This report provides information about the complaints received, referred and determined by the Local Government Ombudsman (LGO) in relation to Sheffield City Council during the twelve months between 1 April 2011 and 31 March 2012.
- 1.2. The report incorporates and builds on the feedback received from the LGO as part of the Annual Review of the complaints they have dealt with about Sheffield City Council during 2011/12.
- 1.3. The LGO provides a free, independent and impartial service. It considers complaints about the administrative actions of councils. It cannot question what a council has done simply because someone does not agree with it. If it finds something has gone wrong, such as poor service, service failure, delay or bad advice, and that a person has suffered as a result, the LGO aims to get it put right by recommending a suitable remedy. The LGO also uses the findings from investigation work to help councils provide better public services through initiatives such as special reports, training and annual reviews.

2. Enquiries and complaints received

- 2.1. The LGO Advice Team received 166 enquiries/complaints about Sheffield City Council during 2011/12. Forty-nine of these were signposted informally/formally back to the Council's complaints procedures. A further 26 resulted in informal advice being given to the complainant, and the remaining 91 were forwarded to the LGO Investigation Team for consideration.
- 2.2. It should be noted that due to the delay between complaints being received by the LGO and them being formally referred to the Council, the numbers received by the LGO and referred to the Council during 2011/12 do not match.
- 2.3. During 2011/12, the LGO formally referred 138 complaints to the Council - 38 of these were formally referred to the Council as 'premature', with the Council asked to investigate and respond to the complainant under the Council's complaints procedures. The LGO initiated a formal investigation in respect of 60 complaints, and made no or informal enquiries in respect of the remaining 40 complaints.
- 2.4. The following is breakdown of the total number of formal complaint referrals made to Sheffield City Council by the LGO during 2011/12 compared with the last two years.

Table 1: Number of formal referrals made to SCC during 2011/12

	Formal Premature Referrals	Other Formal Referrals	Total
2011/12	38	100	138
2010/11	58	97	155
2009/10	41	103	144

- 2.5. There was a significant reduction in the number of formal premature complaint referrals made to the Council in 2011/12 compared with the previous year.

2.6. Tables 2 and 3 below provide breakdowns, by main subject area, of the 166 enquiries/complaints received by the LGO and the 138 complaints formally referred to the Council during 2011/12.

2.7. It should be noted that the LGO's subject categories do not always translate very well into how services are delivered by Sheffield City Council, and there are differences in how complaints are categorised by the LGO and by the Council. For example, Council Tenant Anti Social Behaviour (ASB) complaints are recorded by the LGO under the 'Environmental/ Public Protection & Regulation' category, whilst they are categorised by Sheffield City Council as 'Housing – Sheffield Homes'.

Table 2: Breakdown of enquiries/complaints received by LGO during 2011/12 by main subject area

Subject	Informal/ Formal Premature	Advice given	Forwarded to Investigation Team	Total
Adult Care Services	2	2	12	16
Benefits & Tax	11	2	10	23
Corporate & Other	4	2	7	13
Education & Children's Services	2	3	16	21
Environmental/Public Protection & Regulation	8	4	9	21
Highways & Transport	0	3	9	12
Housing	20	8	24	52
Planning & Development	2	2	4	8
Total	49	26	91	166

Table 3: Breakdown of formal complaint referrals by LGO to Council 2011/12 by main subject area

Subject	Formal Premature Referrals	Formal Other Referrals	Total
Social Care – Adults	3	15	18
Social Care - Children's	2	3	5
Education	0	14	14
Housing – SCC	6	6	12
Housing - Sheffield Homes	15	29	44
Benefits	4	4	8
Rating/Council Tax	1	6	7
Planning	2	6	8
Environmental Health	3	5	8
Highways	1	4	5
Parking Services	0	2	2
Other	1	6	7
Total	38	100	138

2.8. Looking at the subject of enquiries and complaints, by far the largest number were about Housing. The LGO categorised 31% of contacts as Housing, with the Council categorising 41% of formal complaint referrals as Housing (including ASB complaints).

2.9. Across the other core cities, 'housing' complaints continue to be the largest category of complaint and enquiry received by the LGO during 2011/12, accounting for 26% of the total enquiries/complaints received. Nationally, 'housing' complaints

and enquiries account for 18% of the total number of complaints/enquiries received by the LGO during 2011/12.

3. Outcomes of complaints

3.1. Excluding the premature complaints referred to the Council, the LGO decided on 104 complaints during 2011/12. Table 4 below gives a breakdown of decisions over the last two years, and Table 5 provides a breakdown of decisions by Council Portfolio for 2011/12.

Table 4: Breakdown of LGO Decisions over last 2 years

Ombudsman Decisions	2010/11	2011/12
No maladministration/insufficient evidence of fault or injustice	37	36
Local settlement/remedy	34	28
Report	0	0
Ombudsman discretion/investigation not justified	19	30
Outside Jurisdiction	7	10
Total	97	104

Table 5: Portfolio Breakdown of LGO decisions in 2011/12

	Report	Injustice Remedied during enquiries (Local Settlement)	No or Minor injustice & other	Not enough evidence of fault	Investigation not justified & other	No reason to use exceptional power to investigate	No power to investigate	Total
Deputy Chief Executives	0	0	0	0	1	0	0	1
Resources (inc Capita)	0	1	1	0	7	4	0	13
Children, Young People & Families	0	7	4	3	2	0	2	18
Place	0	2	4	4	8	0	2	20
Communities (inc Sheffield Homes)	0	18	4	16	12	1	1	52
Total	0	28	13	23	30	5	5	104

4. Reports and Local Settlements

4.1. During 2011/12, the LGO issued **no** reports against Sheffield City Council, and closed 28 complaints on the basis that the injustice was remedied during enquiries. This represents 27% of complaint outcomes. By comparison, the LGO closed 24% of complaints across the core cities on the basis of a report or remedy/local settlement.

4.2. Some of the complaints were settled on the basis of a financial remedy. The Council paid £13,284 in compensatory payments and other reimbursements.

5. Complaints handling and response times

- 5.1. The Council's average response time to initial formal enquiries during 2011/12 was 28.7 days against a target time of 28 days. Overall response times have significantly improved on the 33.6 days reported during 2010/11.
- 5.2. By comparison, average response times during 2011/12 across the core cities ranged from 18.2 days to 33.4 days.
- 5.3. The Council dealt with a significant number of informal preliminary enquiries during 2011/12 that are not included in the LGO's published response time figures. The Council received 89 preliminary enquiries during 2011/12 and responded with an average response time of 9 days.

6. LGO developments

Changes in role

- 6.1. The LGO's jurisdiction to investigate complaints about internal school matters on a pilot basis in fourteen local authority areas ended July 2012.
- 6.2. From April 2013, the power to investigate complaints from local authority tenants about their landlord will transfer to the Housing Ombudsman.

Focus Reports

- 6.3. The LGO launched a new series of Focus reports during 2011/12 to develop their role in supporting good local public administration and service improvement. The subject of the focus reports includes adult social care school admissions, children out of school, homelessness and use of bankruptcy powers. The reports can be found via the following link: <http://www.lgo.org.uk/publications/advice-and-guidance#focus>

Publishing Decisions

- 6.4. Following consultation with councils, the LGO is planning to launch an open publication scheme where final decision statements on all complaints will be published in an anonymised format on the LGO website from April 2013.

Introduction of new robust Intake and Assessment Process

- 6.5. The LGO is currently restructuring and transforming its service, so it can deal with complaints swiftly and proportionately, with straightforward cases handled at the earliest possible stage by assessment/screening teams. As a result only those cases which merit more detailed work will be passed through to the LGO investigation teams for formal investigation.
- 6.6. A new intake and assessment process will change the way that the LGO works with councils in future. The new process will be fully introduced across all LGO offices from 1 April 2013.

7. Sheffield City Council priorities for 2012/13

- 7.1. To review and adapt complaint management practices/processes to accommodate the transfer of jurisdiction/power from the LGO and Housing Ombudsman in respect of complaints from local authority tenants about their landlord.
- 7.2. To review and adapt complaint management practices/processes to accommodate the new LGO Intake and Assessment Process.
- 7.3. To further reduce initial response times on formal enquiries without adversely affecting the quality of responses.
- 7.4. To progress the options for future recording of Ombudsman enquiries/complaints as part of the Customer First Programme in order to improve the detail of formal recording and reporting on Ombudsman complaints and the learning that stems from them.

For further information, please contact Customer Services:

Howden House
Floor 2
Union Street
Sheffield
S1 2SH

Telephone 0114 273 4660
Fax 0114 273 4652
Email complaintsmanagers@sheffield.gov.uk

If you would like to register a comment, compliment or complaint you can contact us directly or complete an on-line feedback form by visiting Sheffield City Council website or by following this link <https://www.sheffield.gov.uk/your-city-council/how-to-contact-us/complaints-comments.html>



Customer Services

Sheffield City Council Annual Report of Local Government Ombudsman Complaints 2012 – 2013



Contents



Section	Page
1.0 Introduction	3
2.0 Enquiries and complaints received	3
3.0 Outcomes of complaints	4
4.0 Reports and Local Settlements/Remedies	5
5.0 Complaint Handling/Response Times	5
Appendix A: LGO Annual Review Letter 2012/13	7
Appendix B: Core City Comparative Information	9

1.0 Introduction

This report provides information about the complaints received, referred and determined by the Local Government Ombudsman (LGO)¹ in relation to Sheffield City Council during the twelve months between 1 April 2012 and 31 March 2013.

The report includes the feedback received from the LGO as part of her Annual Review of the complaints about Sheffield City Council during 2012/13. A copy of the LGO's Annual Review Letter is attached as Appendix A.

Due to changes in business processes this year, the LGO has only presented limited information relating to the total number of complaints received about Sheffield City Council.

2.0 Enquiries and complaints received

The LGO received 79 complaints about Sheffield City Council during 2012/13.

Comparative information across the Core Cities is attached as Appendix B.

It should be noted that due to the delay between complaints being received by the LGO and them being formally referred to the Council, the numbers received by the LGO and referred to the Council during 2012/13 do not match.

During 2012/13, the LGO formally referred 104 complaints to the Council – 30 of these complaints were formally referred to the Council as 'premature' with the Council asked to investigate and respond to the complainant under local complaint procedures. The LGO initiated a formal investigation in respect of 26 complaints, and made no or informal enquiries in respect of the remaining 48 complaints.

The following table provides a breakdown of the total number of complaint referrals made to the Council by the LGO during 2012/13 compared with the last three years. As can be seen, there has been a significant reduction in the number of complaint referrals made to the Council in 2012/13 compared with the previous years.

Table 1: Complaint referrals made by LGO

	Premature referrals	Other complaint referrals	Total
2012/13	30	74	104
2011/12	38	100	138
2010/11	58	97	155
2009/10	41	103	144

¹ The LGO provides a free, independent and impartial service. It considers complaints about the administrative actions of councils and some other authorities. It cannot question what a council has done simply because someone does not agree with it. If it finds something has gone wrong, such as poor service, service failure, delay or bad advice, and that a person has suffered as a result, the LGO aims to get it put right by recommending a suitable remedy. The LGO also uses the findings from investigation work to help authorities provide better public services through initiatives such as special reports, training and annual reviews.

Table 2 provides a breakdown, by main subject area, of the 104 complaints formally referred to the Council by the LGO during 2012/13.

Table 2: Breakdown of formal complaint referrals by LGO in 2012/13 by main subject area

Subject	Premature referrals	Not formally investigated	Formal investigation	Total
Social Care – Adults	3	8	6	17
Social Care - Children's	1	4	1	6
Education	0	0	6	6
Housing – SCC	1	2	2	5
Housing - Sheffield Homes	16	9	6	31
Benefits	4	1	2	7
Rating/Council Tax	1	3	1	5
Planning	2	6	0	8
Environmental Health	0	2	0	2
Highways	0	1	0	1
Parking Services	0	8	1	9
Other	2	4	1	7
Total	30	48	26	104

Looking at the subject of enquiries and complaints, by far the largest number were about Housing and then Adult Social Care, with the Council categorising 35% of complaint referrals as Housing (including Anti-Social Behaviour complaints) and 17% as Adult Social Care.

3.0 Outcomes of complaints

Excluding the premature complaints referred to the Council, the LGO decided on 71 complaints during 2012/13. Table 3 below gives a breakdown of decisions over the last two years, and Table 4 a Portfolio breakdown of decisions in 2012/13.

Table 3: Breakdown of LGO Decisions over last 2 years

Ombudsman Decisions	2012/13	2011/12
Not Investigated: No power to investigate	6	5
Not Investigated: No reason to use exceptional power	6	5
Not Investigated: Insufficient grounds & other	37	30
Investigation Discontinued: Not enough evidence of fault	11	23
Investigation Discontinued: No or minor Injustice & other	3	13
Investigation Discontinued: Injustice remedied	8	28
Report	0	0
Total	71	104

Table 4: Portfolio/Partner breakdown of LGO decisions in 2012/13

	Report	Injustice remedied during enquiries (Local Settlement)	No or minor injustice & other	Not enough evidence of fault	Investigation not justified & other	No reason to use exceptional power to investigate	No power to investigate	Total
Deputy Chief Executives/ Resources	0	0	0	0	0	0	0	0
CYPF	0	0	1	6	1	2	1	11
Place	0	0	0	3	17	2	2	24
Communities	0	3	2	0	5	2	3	15
Sheffield Homes	0	3	0	2	10	0	0	15
Capita Revenues & Benefits	0	2	0	0	4	0	0	6
Total	0	8	3	11	37	6	6	71

4.0 Reports/Local Settlements

During 2012/13, the LGO issued **no** reports against the Council, and closed eight complaints on the basis that the injustice was remedied during enquiries, i.e., local settlement. This represents 11% of complaint outcomes.

In comparison, the LGO issued four reports across the Core Cities. Details are included at Appendix B.

5.0 Complaints Handling/Response Times

The Council's average response time to initial formal enquiries during 2012/13 was 21 days against a target time of 28 days. Overall response times have significantly improved on the 28.7 days reported last year.

The ability of the Council to meet the 28-day target time is, as always, heavily reliant on services/partners providing timely, complete and quality responses to enquiries.

The Council dealt with a significant number of informal preliminary LGO enquiries during 2012/13 that are not included in the response time figure stated above. The Council received 60 preliminary enquiries during 2012/13, and responded with an average response time of nine days.

Contact Us

If you would like to make a suggestion, compliment or complaint, you can contact us directly, or complete an on-line feedback form by visiting Sheffield City Council website or by following this link www.sheffield.gov.uk/complain

If you would like to comment on this report, or have any questions about the complaints procedure, please contact the Complaints Team at:

Email complaint@sheffield.gov.uk

Telephone 0114 273 4567

Write to: Customer Services, Sheffield City Council, Floor 2, Howden House
1 Union Street, SHEFFIELD, S1 2SH

16 July 2013

Local Government OMBUDSMAN

Mr John Mothersole
Chief Executive
Sheffield City Council

Dear Mr Mothersole

Annual Review Letter

I am writing with our annual summary of statistics on the complaints made to the Local Government Ombudsman (LGO) about your authority for the year ended 31 March 2013. This year we have only presented the total number of complaints received and will not be providing the more detailed information that we have offered in previous years.

The reason for this is that we changed our business processes during the course of 2012/13 and therefore would not be able to provide you with a consistent set of data for the entire year.

In 2012/13 we received 79 complaints about your local authority. This compares to the following average number (recognising considerable population variations between authorities of a similar type):

District/Borough Councils-	10 complaints
Unitary Authorities-	36 complaints
Metropolitan Councils-	49 complaints
County Councils-	54 complaints
London Boroughs-	79 complaints

Future development of annual review letters

We remain committed to sharing information about your council's performance and will be providing more detailed information in next year's letters. We want to ensure that the data we provide is relevant and helps local authorities to continuously improve the way they handle complaints from the public and have today launched a consultation on the future format of our annual letters.

I encourage you to respond and highlight how you think our data can best support local accountability and service improvements. The consultation can be found by going to www.surveymonkey.com/s/annualletters

LGO governance arrangements

As part of the work to prepare LGO for the challenges of the future we have refreshed our governance arrangements and have a new executive team structure made up of Heather Lees, the Commission Operating Officer, and our two Executive Directors Nigel Ellis and Michael King. The Executive team are responsible for the day to day management of LGO.

Since November 2012 Anne Seex, my fellow Local Government Ombudsman, has been on sick leave. We have quickly adapted to working with a single Ombudsman and we have formally taken the view that this is the appropriate structure with which to operate in the future. Our sponsor department is conducting a review to enable us to develop our future governance arrangements. Our delegations have been amended so that investigators are able to make decisions on my behalf on all local authority and adult social care complaints in England.

Publishing decisions

Last year we wrote to explain that we would be publishing the final decision on all complaints on our website. We consider this to be an important step in increasing our transparency and accountability and we are the first public sector ombudsman to do this. Publication will apply to all complaints received after the 1 April 2013 with the first decisions appearing on our website over the coming weeks. I hope that your authority will also find this development to be useful and use the decisions on complaints about all local authorities as a tool to identify potential improvement to your own service.

Assessment Code

Earlier in the year we introduced an assessment code that helps us to determine the circumstances where we will investigate a complaint. We apply this code during our initial assessment of all new complaints. Details of the code can be found at:

www.lgo.org.uk/making-a-complaint/how-we-will-deal-with-your-complaint/assessment-code

Annual Report and Accounts

Today we have also published Raising the Standards, our Annual Report and Accounts for 2012/13. It details what we have done over the last 12 months to improve our own performance, to drive up standards in the complaints system and to improve the performance of public services. The report can be found on our website at www.lgo.org.uk

Yours sincerely

Dr Jane Martin
Local Government Ombudsman
Chair, Commission for Local Administration in England

Benchmark of Core City Performance

CORE CITY BENCHMARK				
	Complaints received by LGO 01/04/2012 - 31/03/2013	No of Reports issued	Population	Number of complaints per 1000 population
Newcastle-Upon-Tyne CC	36	0	277,800	0.13
Sheffield City Council	79	0	555,500	0.14
Manchester City Council	79	0	503,127	0.16
Nottingham City Council	53	0	305,700	0.17
Liverpool City Council	90	0	466,400	0.19
Bristol City Council	86	1 (Planning application)	432,500	0.20
Leeds City Council	150	0	751,500	0.20
Birmingham City Council	227	3 (all Adult Social care)	1,074,300	0.21

7 July 2014

By email

Mr John Mothersole
Chief Executive
Sheffield City Council

Dear Mr John Mothersole

Annual Review Letter 2014

I am writing with our annual summary of statistics on the complaints made to the Local Government Ombudsman (LGO) about your authority for the year ended 31 March 2014. This is the first full year of recording complaints under our new business model so the figures will not be directly comparable to previous years. This year's statistics can be found in the table attached.

A summary of complaint statistics for every local authority in England will also be included in a new yearly report on local government complaint handling. This will be published alongside our annual review letters on 15 July. This approach is in response to feedback from councils who told us that they want to be able to compare their performance on complaints against their peers.

For the first time this year we are also sending a copy of each annual review letter to the leader of the council as well as to the chief executive. We hope this will help to support greater democratic scrutiny of local complaint handling and ensure effective local accountability of public services. In the future we will also send a copy of any published Ombudsman report to the leader of the council as well as the chief executive.

Developments at the Local Government Ombudsman

At the end of March Anne Seex retired as my fellow Local Government Ombudsman. Following an independent review of the governance of the LGO last year the Government has committed to formalising a single ombudsman structure at LGO, and to strengthen our governance, when parliamentary time allows. I welcome these changes and have begun the process of strengthening our governance by inviting the independent Chairs of our Audit and Remuneration Committees to join our board, the Commission for Administration in England. We have also recruited a further independent advisory member.

Future for local accountability

There has been much discussion in Parliament and elsewhere about the effectiveness of complaints handling in the public sector and the role of ombudsmen. I have supported the creation of a single ombudsman for all public services in England. I consider this is the best way to deliver a system of redress that is accessible for users; provides an effective and comprehensive service; and ensures that services are accountable locally.

To contribute to that debate we held a roundtable discussion with senior leaders from across the local government landscape including the Local Government Association, Care Quality Commission and SOLACE. The purpose of this forum was to discuss the challenges and opportunities that exist to strengthen local accountability of public services, particularly in an environment where those services are delivered by many different providers.

Over the summer we will be developing our corporate strategy for the next three years and considering how we can best play our part in enhancing the local accountability of public services. We will be listening to the views of a wide range of stakeholders from across local government and social care and would be pleased to hear your comments.

Yours sincerely

A handwritten signature in black ink that reads "Jane Martin". The signature is written in a cursive style with a long horizontal flourish at the end.

Dr Jane Martin
Local Government Ombudsman
Chair, Commission for Local Administration in England

Local authority report – Sheffield City Council

For the period ending – 31/03/2014

For further information on interpretation of statistics click on this link to go to <http://www.lgo.org.uk/publications/annual-report/note-interpretation-statistics/>

Complaints and enquiries received

Local authority	Adult care services	Benefits and tax	Corporate and other services	Education and children's services	Environmental services and public protection and regulation	Highways and transport	Housing	Planning and development	Total
Sheffield City C	26	34	9	35	15	25	14	8	166

Page 19

Decisions made

Local authority	<u>Detailed investigations carried out</u>		Advice given	Closed after initial enquiries	Incomplete/Invalid	Referred back for local resolution	Total
	Upheld	Not upheld					
Sheffield City C	16	26	9	48	6	69	174

Local Government
OMBUDSMAN

Commission for
Local Administration in England

**Annual Report & Accounts
2014-15**

**Quality
Counts**

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Commission for
Local Administration
in England

Local Government Ombudsman

Annual Report & Accounts
2014-15

Presented to Parliament pursuant to Section 23A(3A) of the Local Government Act 1974 as amended by Section 170(1)(5) of the Local Government and Public Involvement in Health Act 2007; and pursuant to Section 34S(5) of the Local Government Act 1974 as amended by Section 35 of the Health Act 2009.

Contents



Annual Report & Accounts 2014-15

Foreword	1
Who we are, what we do	4
Our performance	7
Strategic Review & Chief Executive's Report	22
Remuneration Report	27
Statement of Commission's & Accounting Officer's Responsibilities	32
Governance Statement	33
Independent Auditor's Report	41
Statement of Comprehensive Net Expenditure	43
Statement of Financial Position	44
Statement of Cash Flows	45
Statement of Changes in Taxpayers' Equity	46
Notes to the Financial Statements	47
Annex A: Accounts Direction for the Commission for Local Administration in England	70

Foreword

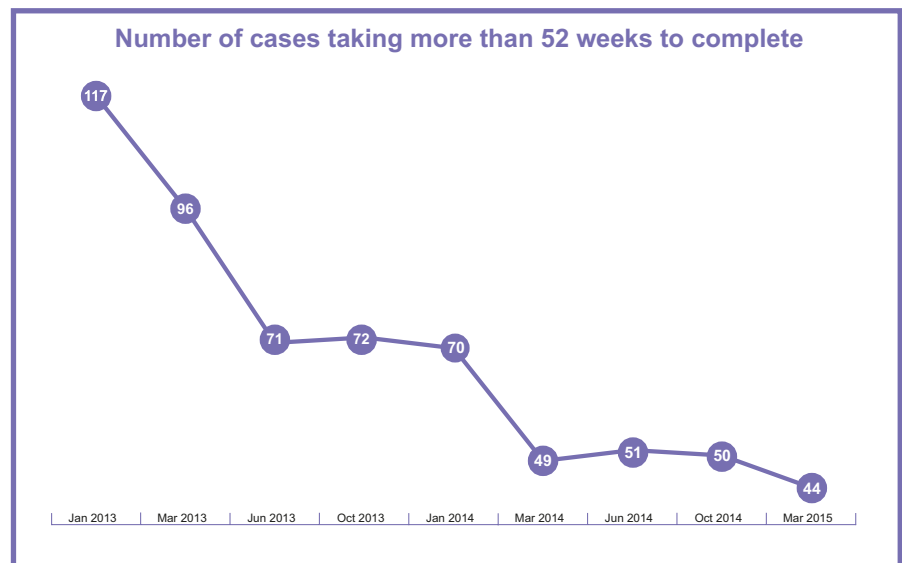


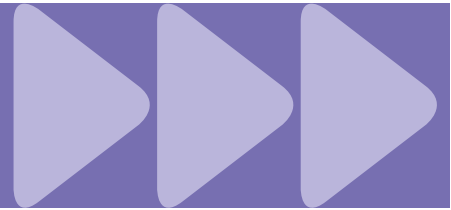
I am pleased to present the Annual Report and Accounts for the Commission for Local Administration in England for the year ended 31 March 2015.

Local Government Ombudsman (LGO) has had a very successful year. Following significant transformation of the organisation, the changes we have introduced have resulted in the organisation exceeding its performance targets and improving quality standards. As the following report shows, we have improved our performance on the previous year and completed 83% of cases within 13 weeks, 94% of cases within 26 weeks and 99% of cases within 52 weeks. Following the change in our jurisdiction we no longer handle complaints relating to local authority social landlord responsibilities, but despite

this we continue to handle the same overall volume of cases. Over 11,000 cases were considered by the assessment team and 4,780 cases passed to the investigation team. We continue to listen to feedback from those who use our service and during the year continued to work with our Advisory Forum as well as establishing a new Councillors Forum. We have emphasised learning from our social care work and in 2014 issued the first LGO sector-wide reviews of complaints about social care and local government respectively.

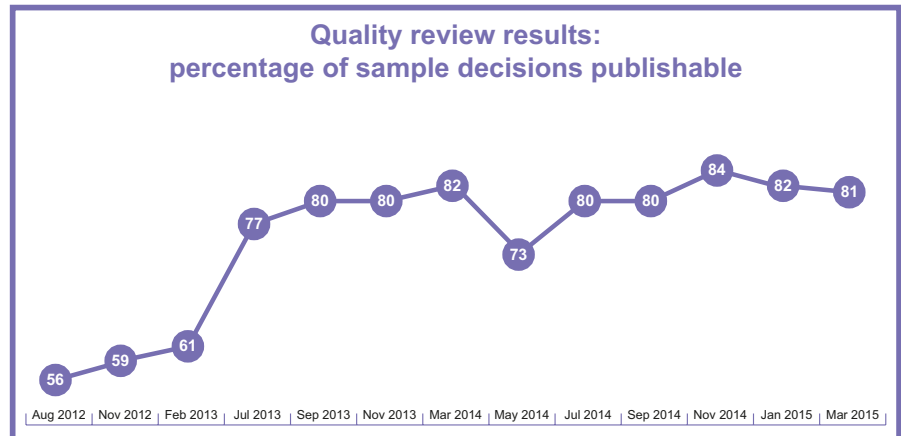
The success of 2014-15 flows from a great deal of hard work over a number of years at a time of a reducing operating budget from £16.8 million in 2010-11 to £11.2 million in 2014-15 and a reduction in permanent staff from 228 to 158 in the same period. Trend data indicates how far we have come as an organisation. We have reduced the number of investigations taking more than 52 weeks from almost 120 in January 2013 to just over 40 in March 2015.





Having taken the decision to publish our decision statements online, we have improved our performance against our quality target from 56% in August 2012 to consistently 80% and over from July 2014.

In a year when local government continues to make headlines, at LGO we have also been focusing on the external environment and asking questions of ourselves so we remain relevant and resilient in a changing world. Driven by a desire to simplify the complex complaints maze which the public have to navigate when they have concerns about unfair treatment or service failure, we have been leading the debate with colleagues at the Parliamentary and Health Service Ombudsman (PHSO) as to what a future service should look like. We have shared the characteristics of an optimum ombudsman service and both aligned our business plans to this vision. In May 2014 we established a joint convergence committee chaired by Sir Jon Shortridge, who also chairs both organisations' Audit Committees, to work on practical steps to harmonise our work around health and social care and offer a better



service to the public. This has culminated in creating a formal joint working team with investigators from both organisations under a manager in the LGO London office. Following a wide ranging review of the public sector ombudsman landscape, in the final week of the last Parliament the Cabinet Office published Robert Gordon's report 'Better to serve the public' with a consultation on a single public sector ombudsman. We are pleased that a draft Bill proposing reform was listed by the new Government in the Queen's Speech.

All of this activity has one core purpose. To ensure that the public continue to have a recognisable, cost-effective, accessible, independent ombudsman who will

continue to hold to account local authorities - and those who provide services on their behalf - in the public interest; an ombudsman who can continue to conduct impartial and rigorous investigations free of charge to the person affected; effect remedial action in a timely way; and secure recognition of distress caused to citizens who are treated unfairly, or otherwise fail to receive services to which they are entitled.

At the end of the 2014-15 business year, local authorities face challenging questions about the quality of service provision, capacity to properly resource support for vulnerable and needy communities, and to protect children. At the same time opportunities are opening up for councils to take the lead in integrating health and social care, improving safeguarding,

Foreword



and ensuring better care for children and adults.

In this context, at the end of a period of significant financial pressures for local government, the anticipated increase in complaints has not arisen. But as the figures show later in this report, the trend of increasing volumes of complaints about education and children's services and adult social care continues.

Complaint volumes may hide a problem with access. We know that we will only continue to be seen as relevant if people have a clear, accessible route to redress. The pace of reform in public services, especially at the local level, has understandably left many confused about where to turn when those services let them down. Greater co-operation between different organisations, such as councils and health bodies, will lead to integrated service delivery but runs the risk of blurring the lines of accountability and making it more difficult to achieve remedial action. We want to make sure this is not detrimental to the public. This year we have jointly produced the

'My Expectations' service standards document with PHSO and Healthwatch England, which has been adopted by the health and social care regulator, to try to ensure a clear and simple route to remedy.

As we begin to work with the new Government, the relevance and resilience of LGO will largely depend on decisions to be taken by Parliament. The triennial review of our legislation in 2015 provides an opportunity for us to highlight changes needed to implement Robert Gordon's outstanding recommendations to put our governance arrangements on a better statutory footing. We will also recommend statutory requirements on all local service providers to improve complaint handling, learn from complaints and signpost members of the public to an ombudsman. We will impress on new ministers the need to continue to properly resource LGO so we can provide a high quality service free of charge to the citizen, perhaps through a different funding model. We will use any opportunities presented by reforming legislation to strengthen our impact

on the system as a whole in partnership with other ombudsmen, regulators and auditors.

I want to thank all LGO staff and the Executive Team for their continued hard work and ongoing dedication to the LGO's dual purposes of remedying injustice and improving local public services. I am also grateful for the ongoing support of all members of the Commission in tackling the hard decisions that we have to take as an organisation.

Dr Jane Martin

Chair, Commission for Local Administration in England
Local Government Ombudsman

Who we are, what we do



“ I was very impressed with the investigator allocated to my complaint. He phoned me to obtain my input and listened well. He was always courteous both on the phone and in email correspondence.”

Feedback from LGO customer

The Local Government Ombudsman helps to make sure that local public services are accountable to the people that use them by ensuring that local authorities put things right when they go wrong. This could be where the local authority has failed to provide the level of service that the public can rightly expect to receive. Similarly, it could be where the council has not acted properly in carrying out its functions.

We are also the Social Care Ombudsman, providing a one-stop-shop for complaints about the service provided by all registered social care providers. Our powers to investigate extend to complaints about both publicly and privately funded social care. This means the public has a clear route for redress and does not have to navigate complex processes in what is often a confusing social care system.

Ideally local authorities and social care providers should be able to resolve complaints directly without requiring the public to escalate their complaint to us. For this reason we expect the complaint to be raised with the body concerned before we will look at it. However,

the public can feel reassured that there is a fair and independent ombudsman that they can turn to if their complaint is not resolved.

As a result of resolving complaints and providing a remedy for individual injustice, we gather significant evidence of wider failings in the delivery of public services. If they are not addressed then the public will face the same problems and need to raise the same concerns time and time again. We recognise our role in helping public services learn from complaints and we work closely with partners in the advice sector, in Parliament and in public services to share learning from our work.

The day-to-day management of the LGO is carried out by the Executive Team who from 1 May 2015 is led by a Chief Executive. The Executive Team is accountable to the Local Government Ombudsman and Chair of the Commission, Dr Jane Martin.

Who we are, what we do

Membership of the Commission



Chair

Dr Jane Martin - Local Government Ombudsman



Carol Brady

Advisory Member



David Liggins

Advisory Member
and Independent
Chair of the
Remuneration
Committee



**Dame Julie Mellor
DBE**

Ex officio member
and Parliamentary
& Health Service
Ombudsman



Sir Jon Shortridge

Advisory Member
and Independent
Chair of the Audit
Committee

The Executive Team



Michael King

Chief Executive
(from 1 May 2015)



Nigel Ellis

Director of
Operations



Heather Lees

Commission
Operating Officer
(until 8 May 2015)



Our Strategic Objectives

During 2014-15 we pursued four strategic objectives:

- ▶ SO1 To provide a complaints handling service direct to the public which is accessible, responsive, consistent and cost effective.
- ▶ SO2 To ensure sound decisions and appropriate redress based on impartial, rigorous and proportionate investigations.
- ▶ SO3 To draw on our knowledge and insight from individual complaints, to identify best practice and issues of wider public benefit to bodies in jurisdiction and external stakeholders; to promote good public administration and service improvement and to influence public policy.
- ▶ SO4 To ensure proper stewardship of public funds through the proper use of resources and effective public accountability.

This annual report reports against the four strategic objectives above. However following a public consultation we have refreshed them in the new three year Corporate Strategy 2015-18 as set out below.



Our performance

Key successes this year

Published the first ever sector wide reviews of complaints about local government and social care

Every customer invited to share feedback on our service

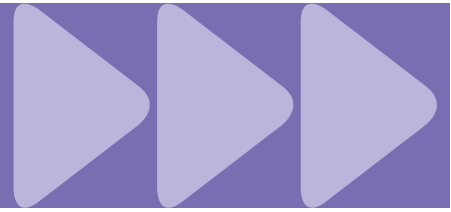
An independent External Reviewer appointed to scrutinise the way we consider complaints about our service

Published the outcome of over 11,000 complaints: freely available on our website

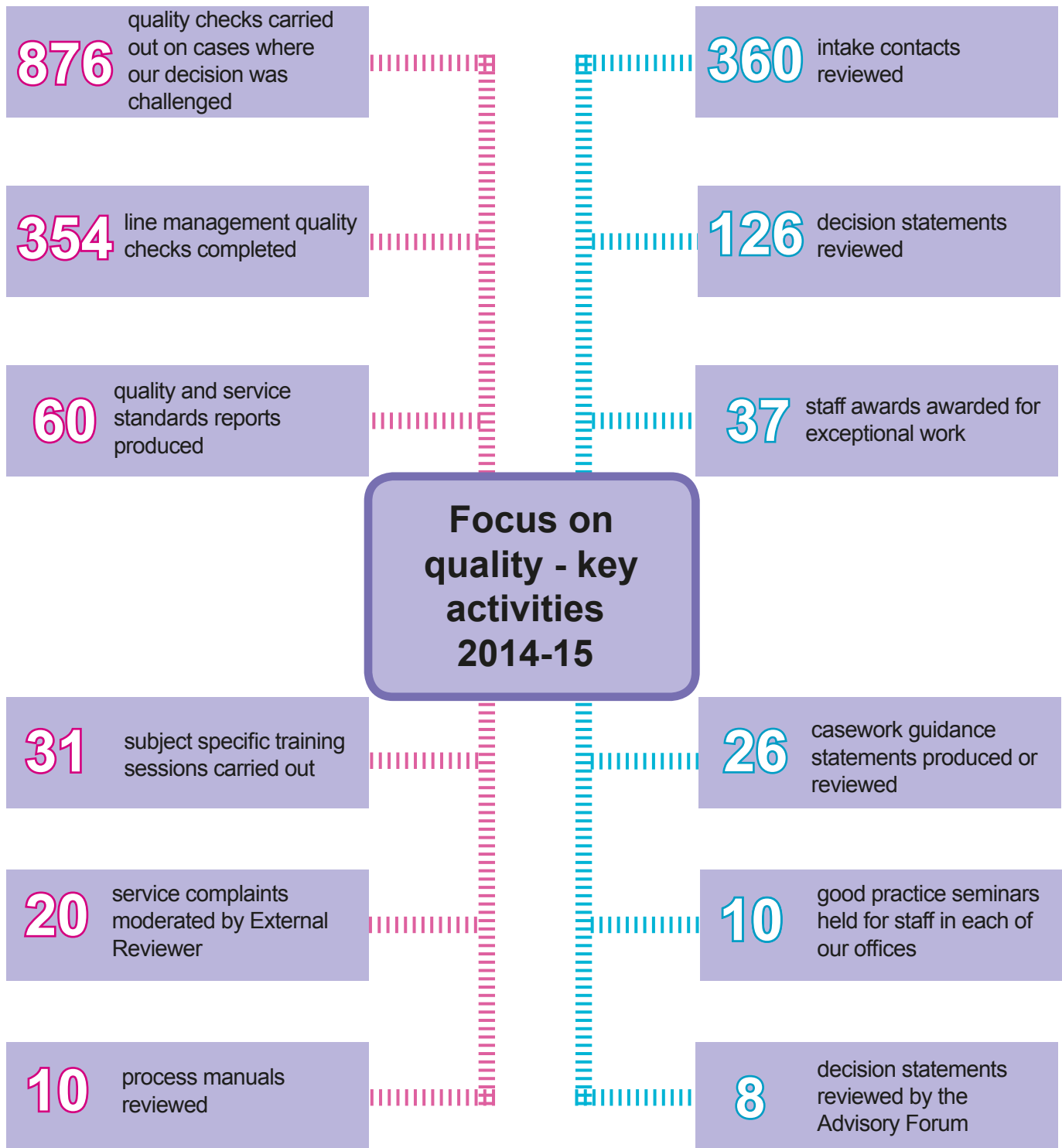
All targets for completing investigations met or exceeded

Embedding quality in our work

This year our focus on quality standards has increased significantly. The drive to maintain an excellent service for all those who use our service whilst maintaining high levels of productivity has underscored everything we do. Efforts to improve quality go hand in hand with supporting performance and can take many guises - from direct quality monitoring to professional practice seminars and training sessions.



In 2014-15 we undertook the following work in relation to our focus on quality.



Our performance



We have also carried out a survey of all staff to gather their views on the quality framework we are using and how it impacts on their day to day work. Another staff survey will help us refine our programme of good practice seminars to ensure they meet the needs of both the business and our front-line staff.

What have we learnt

The decision statement reviews carried out by managers have helped us understand what we think good looks like and to communicate that with staff. Our next step is to carry out an in-depth review of our statement of reasons manual to ensure it reflects the learning.

The quality checking that managers carry out has helped us identify areas where improvement is needed, both for individuals and by staff as a whole. The next step is to start to identify excellent practice examples and to see how we can learn from those. We already champion exceptional contributions by staff but we now need to move towards identifying and championing excellent working practices.

In the ever changing world of local government and social care, we must make sure our staff stay up to date on the law and practice issues that affect how we look at and consider complaints. We conducted 31 training sessions for staff on subjects such as planning and adult social care. We have also issued 26 guidance statements to staff to support them in the work they do. Our programme of good practice seminars aims to help improve consistency across the organisation and has covered topics from our review of our guidance on jurisdiction to information about how service complaints are reviewed.

Our quality and standards system is fundamental to how we report on how we are doing. Senior managers are responsible for preparing the reports and subsequent recommendations and these are then discussed by the management group, before being reported to the Commission. By making quality reporting an integral part of operational managers' duties, rather than as an add-on, our aim is to embed quality in to everything we do.

“ My experience was very good. I like the way that the advisor was totally neutral and highly professional throughout. I was also glad for realistic updates and communication. ”

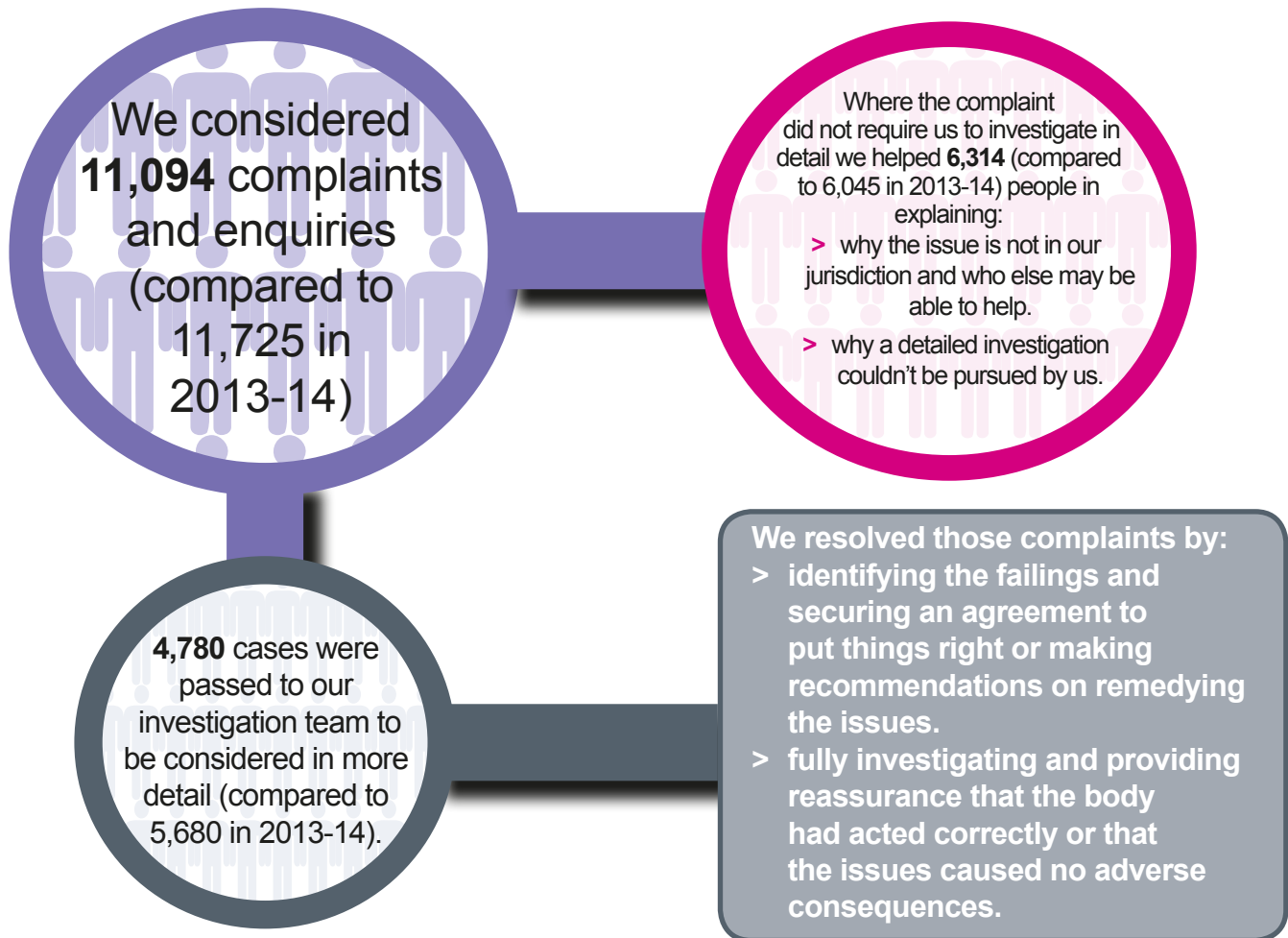
*Feedback from
LGO customer*



Strategic Objective 1:

Accessible complaints handling service

In 2014-15 we registered 20,286 new complaints and enquiries, a comparable number to the previous financial year. Increasingly our intake team are able to quickly resolve many of those queries at first telephone contact by responding to the caller's questions and concerns, providing advice about our role or how the complaints process works. However 11,094 complaints and enquiries required further consideration by us and were referred to our assessment team. Below we explain how we were able to assist in those cases.



A cost effective complaints handling service

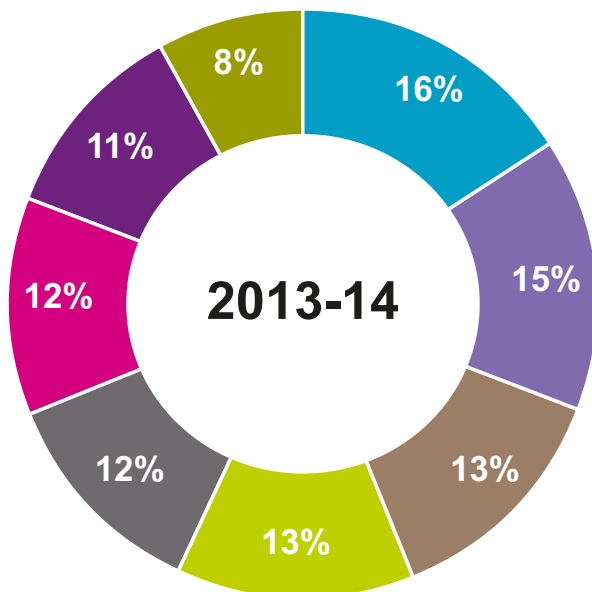
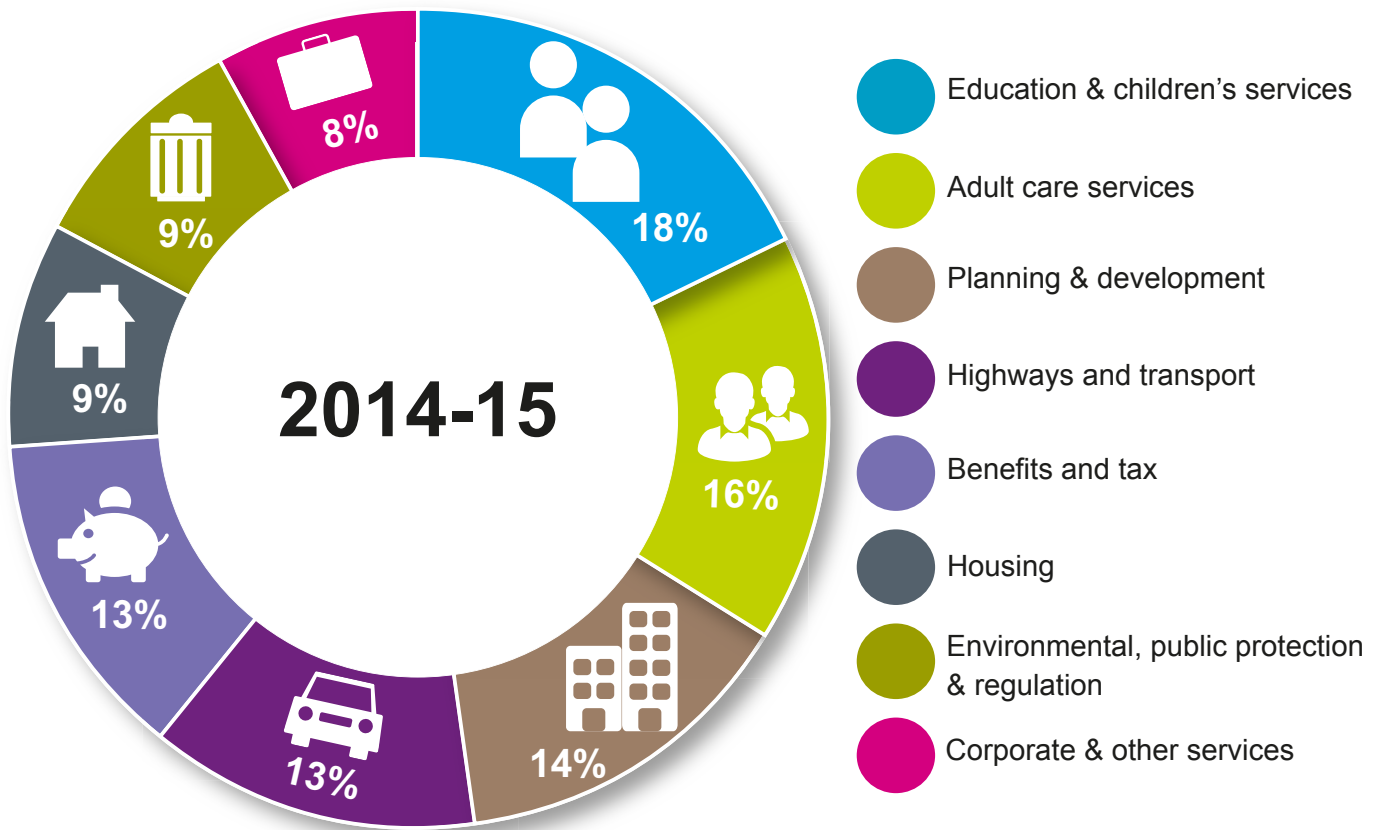
In 2011-12, the last full year before LGO's new business model was introduced, we made 101.3 decisions per full-time equivalent investigator. In 2014-15, we made 131.4 decisions per full-time equivalent investigator. This represents a productivity increase of 29.7%, delivering further reductions in our cost per case, which is already one of the lowest in the sector.



Strategic Objective 1:

Accessible complaints handling service

The complaints that we receive cover the full range of local services that people use. Whilst complaint volumes remain broadly similar to previous years, the number of complaints about adult social care and education and children's services, continue to grow as a proportion of our work. The charts below show the proportion of complaints we received in the different areas of our work and how these compared to the previous year.





Strategic Objective 1:

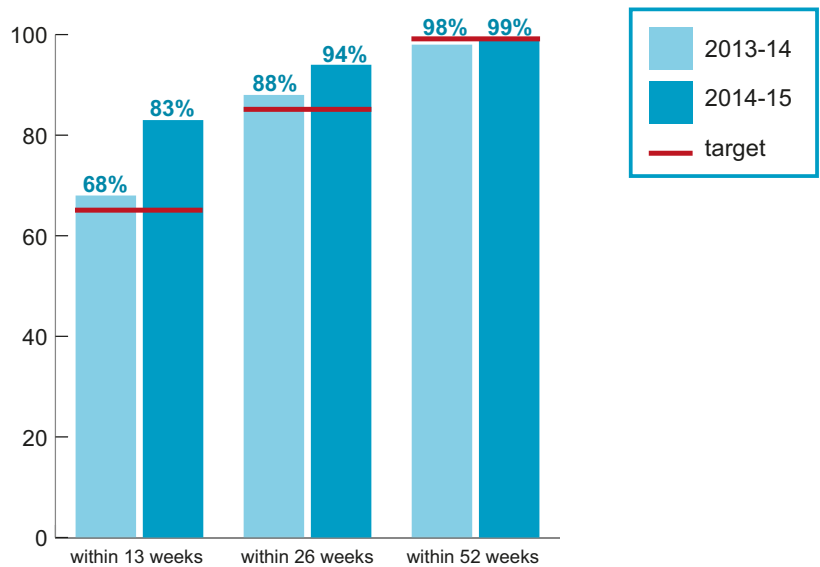
Accessible complaints handling service

For many people that bring their concerns to us, the LGO is the final stage in what has already been a long and exhausting process. Our own research has shown that on average our customers have spent nine months trying to resolve their complaint with the council or care provider before they approach LGO. We therefore set ourselves stretching targets for reducing the time we take to complete our investigations. Over the last 12 months we have continued to remedy injustice more swiftly and have exceeded each of our time targets.

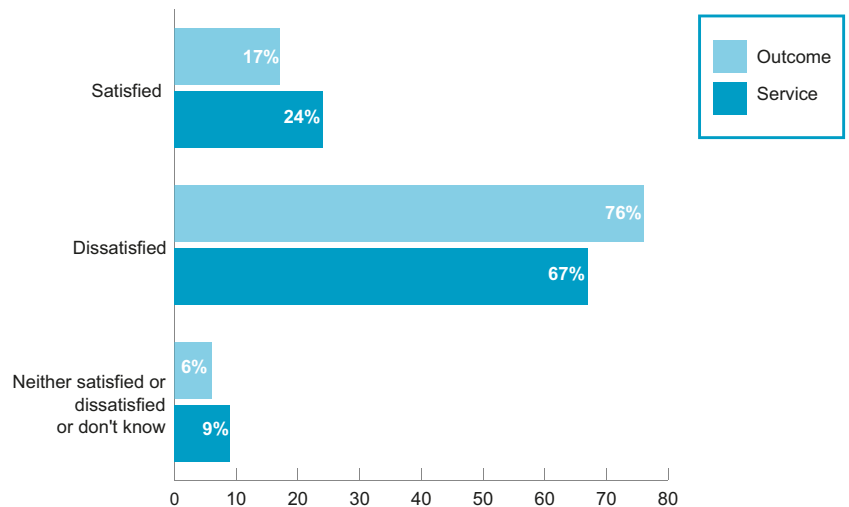
Whilst it is important that we complete our investigations swiftly we also want to ensure that we provide a service that people are happy with. This year we have started to offer every customer an opportunity to provide us with feedback on their experiences at the end of our investigation. We have implemented a system that ensures people can provide feedback in an open and honest way and have already gathered views from over 2,000 of our customers. Feedback from our customers is reported quarterly to our leadership team and shared with all our staff.

In common with other ombudsmen schemes, this data shows that people's views of our service are heavily influenced by the outcome of their complaint. Therefore we aim for more customers to be satisfied with the service they receive than those solely satisfied with the outcome.

Time taken to deal with complaints



Satisfaction with outcome/satisfaction with overall service

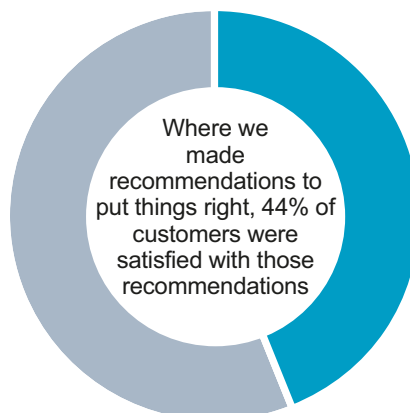
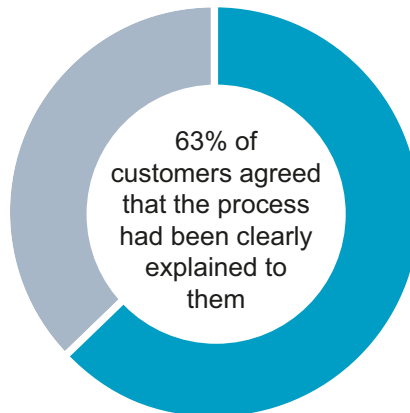
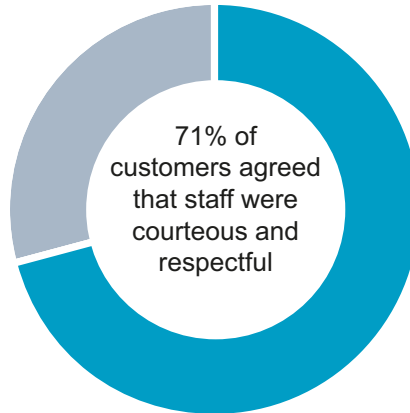




Strategic Objective 1:

Accessible complaints handling service

Nevertheless we recognise that we need to do more to increase overall satisfaction. Our customers have told us that in many cases they approached the LGO because they wanted someone to be on their side. Parliament established the LGO to provide an independent and impartial view of a complaint and people are naturally disappointed that we cannot act as a consumer champion. In response to this we are improving the way we explain our role so that people know what to expect from an LGO investigation, whilst continuing to ensure we treat all customers fairly and with courtesy and respect. We are developing our relationship with advice bodies so that people can receive clearer advice and information at a local level. However, it is clear that many people need or want a service that offers more direct support and advocacy on their complaint. Over the coming months we will be exploring the feasibility of such a service and whether that should be provided by us or another body.



Our Quality Framework supports us in providing a high standard of service to members of the public. However, we sometimes give people cause to raise concerns about our service.

Last year we received complaints about the service we provided on 107 cases, representing just 0.5% of complaints and enquiries. After fully investigating those concerns we established that we had not provided the service that people can expect in 39 cases. For those people we took steps to correct the failings in our service and to learn from those mistakes.

We also wanted to be able to demonstrate to our customers that, when a complaint is made about our service, it is considered fairly and thoroughly. Following an open recruitment process we appointed an independent person as an External Reviewer of service complaints. His role is to look at a sample of complaints about our service and to report on how well we have responded to them. These reports, which are available on our [website](#) are considered by both our leadership team and the Commission to ensure that we act upon the External Reviewer's recommendations and continue to develop our service.



Strategic Objective 1:

Accessible complaints handling service

Statement from the External Reviewer

My background is in the public sector and I am passionate about improving the way that services are delivered so I am pleased to have been selected as the External Reviewer. This allows me to give an impartial view of whether the LGO responds effectively and appropriately to service complaints, identify good practice and make recommendations if necessary.

I undertook reviews in September and February, examining 10 service complaints for each review. I found that the majority were dealt with appropriately and I was impressed with the management response to some difficult and challenging issues. My recommendations to the Ombudsman include improving communication with complainants, prompt referral to managers, consistent record keeping and mitigating unexpected delays. I am pleased that all are being positively considered by the Ombudsman.

In March I presented on my role to LGO staff who worked on an exercise reviewing a service complaint; I was impressed with the thoroughness of their approach and the objectivity of their conclusions.

This is a developing role and my reports now reflect a user-led vision of the Ombudsman's service, contributing to improving standards and transparency and increasing public reassurance and accountability.

Graham Manfield
External Reviewer



Strategic Objective 2:

Making sound decisions

“ The whole process was clear and logical. The investigation was unbiased and we were not given any false assurances. ”

Feedback from LGO customer

Many people approach us because there have been problems with the decision making by their local council or care provider. An investigation by LGO provides people with the reassurance that their concerns have been considered thoroughly, fairly and independently. Our powers to make recommendations also ensure that the injustice suffered is remedied in over 99% of cases. And on the rare occasions where a decision is taken not to comply with our recommendations we take steps to support public and democratic scrutiny of that decision. It makes it especially important that we deliver decisions that are sound and evidence based. We have two primary measures that we use to consider whether our decision making is sound and whether we provide appropriate redress.

Reviews of decisions

We provide a route for people to seek a review of a decision by a senior member of staff who has had no previous involvement with the complaint. Through this process we seek to identify any concerns with our decision making and provide reassurance to our customers that they have been considered fairly and impartially. In 2014-15 we received 1,212 requests for

reviews about our decisions, compared to 1,107 the previous year.

We found that the decision making required clarification or further work in 8% of those cases, representing just 0.5% of all complaints and enquiries and consistent with last year. We are pleased that in the vast majority of cases our decision making is shown to be sound.

Judicial reviews

As with other publicly funded bodies, our decisions can be subject to legal challenge through judicial review. The outcomes of those legal challenges can not only provide clarity where there are disputed points of law but also provide us with feedback on the quality of our decision making.

In 2014-15 we received 18 pre-action protocol letters, a requirement before proceedings are issued. That represented 0.09% of all complaints and enquiries received during the course of the year. One of those was granted permission to proceed by the court and was successfully defended. A further judicial review was granted permission in the absence of a pre-action protocol letter but was subsequently withdrawn by a consent order.



Strategic Objective 3:

Promoting best practice

Being able to remedy an injustice that an individual has experienced is both important and rewarding but reflects just one aspect of why the Local Government Ombudsman was established. The recommendations that we make can also target more systemic issues in a local authority such as our investigation into the support being provided to a woman who was looking after her ill sister's children. As well as remedying the individual case we prompted a wider review of the council's complaints procedures- benefiting many others in the future.

We also use the learning gathered from individual complaints to help improve local services. The primary way of doing this is by publishing the outcomes of our investigations.

Thousands of individual decision statements covering the broad range of council services and social care can be found on our [website](#). This brings greater transparency to our decision making and also allows providers of public services to understand our reasoning and recommendations when they seek to make service improvements.

Many of the cases we publish will involve decisions that are very specific to the individual circumstances of the complaint. However, some highlight issues of wider public interest and where we might want to issue a public report. This can be where there is:

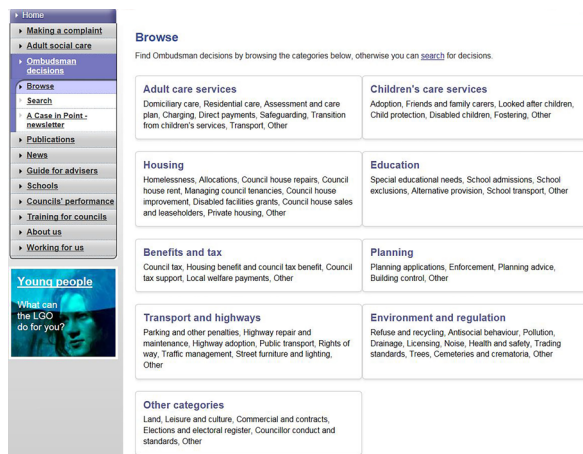
- > Recurrent fault
- > Significant fault, injustice or remedy
- > High volume of complaints about one subject
- > Significant topical issue (e.g. new legislation)
- > Systemic problems and/or wider lessons to be learnt.

There is also a public interest in highlighting the reasons why a body in our jurisdiction has decided not to comply

with our recommendations. In such circumstances we will issue a further report which addresses the body's non-compliance and confirming our recommendations. If our recommendations are still not implemented we will issue a statement of non-compliance or an adverse findings notice. This ensures that the body's decision not to implement our recommendations is subject to public scrutiny.

In total we published 30 detailed public interest reports of investigations. By publishing such cases we seek to ensure that all local authorities and care providers apply the lessons to their own services and learn from the experiences of people in one area to inform service improvement in another. Details of the

decision statements and reports we have published in the last 12 months can be found on pages 17 and 18.



You can search thousands of complaint outcomes on our website



Strategic Objective 3:

Promoting best practice

Part of being an open and accountable ombudsman service is having transparent decision making processes.

Education & children's services

1,976 decisions

- Published reports -**
- Birmingham City Council: disabled child
 - Birmingham City Council: transport
 - Derbyshire County Council: transport
 - Devon County Council: special educational needs
 - Halsall St Cuthbert's Primary School, Ormskirk: school admissions
 - Kingston upon Hull City Council: school admissions
 - Lancashire County Council: disabled child
 - London Borough of Hillingdon: fostering
 - London Borough of Lambeth: school admissions
 - Northumberland Council: child protection
 - St Edmund Arrowsmith RC High School, Wigan: school admissions
 - St Ursula's School for Girls, Greenwich: school admissions
 - Surrey County Council: disabled child (*joint report with PHSO*)

Adult care services

1,724 decisions

- Published reports -**
- Bedford Borough Council: direct payments (*joint report with PHSO*)
 - Cambridgeshire County Council: residential care
 - Knowsley Metropolitan Borough Council: independent living
 - Plymouth Council: care plan (*joint report with PHSO*)
 - Rooks (Care Home Ltd) & Green Hill Care Home: residential care (*adverse findings notice*)
 - Royal Borough of Kingston upon Thames: other
 - Shropshire Council: direct payments (*statement of non-compliance*)
 - Tameside Metropolitan Borough Council: charging
 - Tameside Metropolitan Borough Council: charging (*further report*)
 - Warwickshire County Council: residential care

Planning & development

1,597 decisions

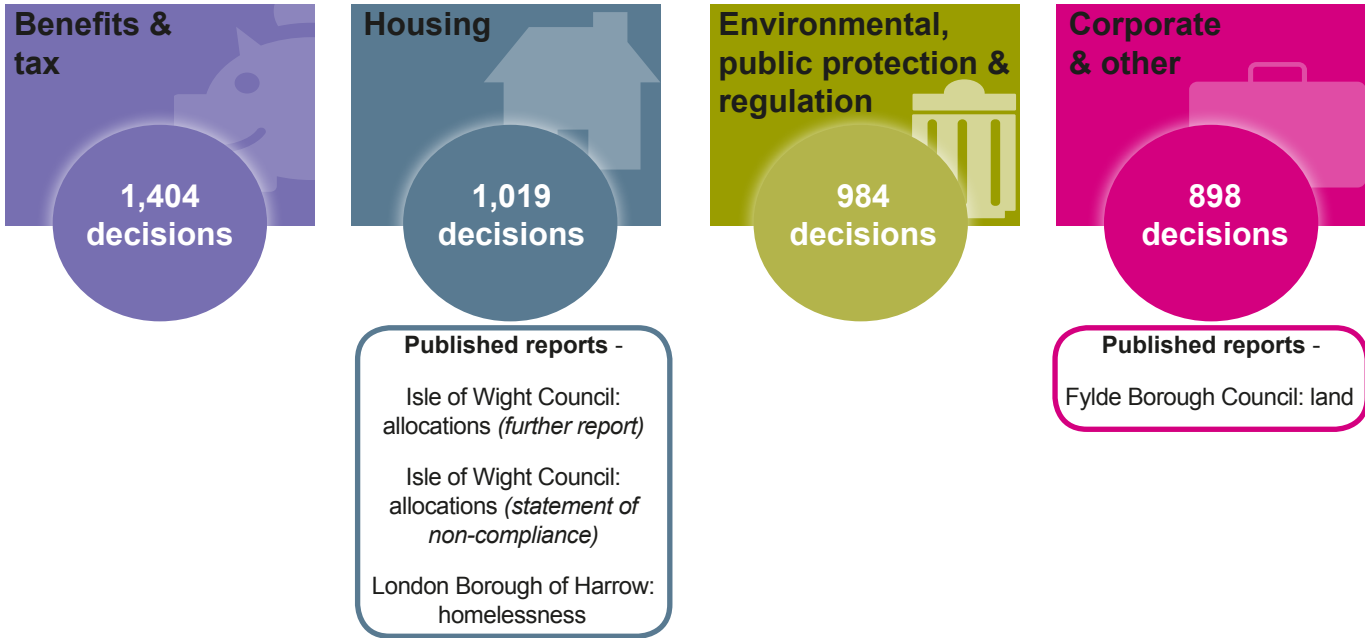
- Published reports -**
- Cornwall Council: enforcement
 - Selby District Council: householder planning application (*further report*)
 - Selby District Council: householder planning application (*statement of non-compliance*)

Highways & transport

1,492 decisions

We publish every decision we make on our website (except where to do so would compromise the anonymity of the person making the complaint). The number of decisions we have made by category are shown below.

In cases which highlight issues of wider public interest, we publish a more detailed report of our investigation. Details of the reports we have published in the last 12 months are also shown opposite and below.





Strategic Objective 3:

Promoting best practice

Our investigations will often highlight issues that we see occurring repeatedly across different councils and providers. We have continued to publish Focus Reports that identify the failings that we see, propose practical recommendations for how services can be improved and support local accountability by suggesting questions that councillors can ask when scrutinising public services. In 2014-15 we published three such Focus Reports:

- > [School admission appeals: are parents being heard?](#) (September)
- > [Not in my back yard: local people and the planning process](#) (December)
- > [Are we getting the best from children's social care complaints?](#) (March)

In addition we also published for the first time detailed reviews of complaints handling across both local government and adult social care.

Over the last 12 months we have also continued to offer more direct support for local complaints systems through training to local authorities on effective complaint handling. In the last year we delivered 42 courses, training almost 800 front-line complaints staff. For the first time we have also started to offer training to private social care providers and over the coming year plan to further develop our training programme to increase its impact and relevance.

We have an essential role in supporting local complaint handling and service improvement but recognise that our impact is greatest when we work with partners. For example, we worked closely with PHSO and Healthwatch England to develop a user-led vision of the complaints system across health and social care. 'My Expectations' has for the first time created a single framework for complaints outcomes in the health and social care systems. We are especially pleased that the Care Quality Commission will use this framework in its new inspection regime and hope that our work will enable all services users to say "I felt confident to speak up and making my complaint was simple. I felt listened to and understood. I felt my complaint made a difference."

Supporting local scrutiny and accountability

It is elected councillors who have the democratic mandate to hold local public services to account on behalf of local people. We know that complaints are an important indicator of how well those services are performing and so the outcome of our investigations can be an invaluable tool as part of effective local scrutiny mechanisms. During the last year we have built our working relationship with elected members so that our investigations not only remedy individual complaints but also enhance the local accountability of services.

- > Our Focus Reports now include suggested questions that scrutiny committees could use to hold local services to account.
- > We have established a Councillors Forum, a politically diverse group of elected members from across England to help us work more effectively with councillors.
- > We have worked in partnership with the Local Government Association to develop a workbook and e-learning package that helps familiarise councillors with the complaints system, encourages their constructive role in supporting people to make complaints, and supports the use of council and LGO complaints data in the scrutiny of local services.

We will continue to develop our links with councillors over the coming year and, in particular, will be actively sharing all our published investigation reports with council leaders.



Strategic Objective 4:

Effective public accountability

“The Local Government Ombudsman is considered by government to be a valued and respected part of the democratic process, providing redress for individuals and driving up standards in authorities within its jurisdiction.”

Department for Communities and Local Government

The Annual Accounts that form part of this report set out in detail how we have used public money in the delivery of the Local Government Ombudsman Service. As a publicly funded body we consider it is essential that we are open and transparent as this is key to ensuring we are accountable for the service we deliver.

Accountability and scrutiny at the LGO





Strategic Objective 4:

Effective public accountability

The LGO is funded by Grant-in-Aid from the Department of Communities and Local Government and we are accountable to the Department for how we spend our budget. We focus our resources upon our core business of investigating complaints and remedying injustice. On 31 March 2015 we had a total headcount of 158 Full Time Equivalent (FTE) (excluding 9 FTE agency or temporary workers) with almost 84% being employed in our casework functions.

We are also accountable to Parliament for our performance, through the Communities and Local Government Select Committee. During the course of the year we have provided written updates to the Committee on our performance and will continue to do so over the coming year.

Over the last 12 months we have continued to strengthen our governance and accountability structures. The Commission now has three independent Advisory Members who bring a wide range of experience of government, the voluntary sector and dispute resolution.

They provide the external challenge and scrutiny that all public bodies need to ensure continuous improvement. The Commission meets quarterly and has a particular focus upon scrutinising LGO's performance indicators ensuring that we continue to be an organisation that delivers a high quality service that uses public money effectively and efficiently.

Our Advisory Forum continues to provide us with essential insight and feedback from users of our services and complements the feedback we receive through our customer satisfaction surveys. The inaugural members of the Forum ended their terms during 2014 and in October we welcomed the new members. The Forum continues to be made up of a majority of members of the public who have used our service.

As referenced earlier in this report we have also appointed an External Reviewer to look at how we consider complaints about our service. This is a further example of LGO actively seeking and responding to independent scrutiny of our work.



Strategic Review & Chief Executive's Report

Strategic Review - Executive Summary

- > During the year the Commission has implemented changes to enhance the effectiveness of the Executive leadership arrangements for the Local Government Ombudsman scheme. The Executive Team now comprises, Michael King, the Chief Executive and Accounting Officer, and Nigel Ellis, the Executive Director of Operations. From 1 May 2015 the role of the Commission Operating Officer was made redundant.
- > In order to comply with Government property rules, LGO has successfully implemented plans to relocate its Coventry and York operations from privately leased offices into lower cost accommodation within the Government estate. The York office moved to a DEFRA building in central York in March 2015 and we are on target to implement the move of our Coventry office to a Department for Education building in central Coventry in July 2015. This follows the London office relocation into the Home Office in September 2013.
- > The Commission received an additional £5.6m of in-year funding to reduce its pension deficit. This will reduce the annual repayment schedule to the pension fund (LPFA) in future years. However, due to the increased volatility in the market and a change in a number of the assumptions used to revalue the scheme, the value of the deficit disclosed in the accounts (and based on a different, more prudent, set of assumptions prescribed under IAS 19 Employee Benefits) is £28.897m. This represents an increase from the 2013-14 valuation of £24.485m.

Format of accounts

The Commission's Annual Accounts are prepared each financial year in the form agreed with the Secretary of State.

Statutory background

The Commission for Local Administration in England (The Commission) was established under Part III of the Local Government Act 1974 (the Act). The Act provides for the appointment of Local Commissioners (the Local Government Ombudsmen) who, together with the Parliamentary and Health Service Ombudsman (PHSO) as a member ex officio, form the Commission for Local Administration in England. Appointments to the office of Local Commissioner are made by Her Majesty the Queen on the recommendation of the Secretary of State for Communities and Local Government. Commissioners may be appointed to serve full-time or part-time, and the Secretary of State designates one as Chair and another as Vice-Chair of the Commission. The Vice-Chair retired on the grounds of ill health in March 2014 and the Commission and the Department have agreed that the post will not be filled.

Review of Financial Performance 2014-15

During 2014-15 the Commission managed its funding in a

prudent manner, with a £0.5m budgetary under-spend on its core revenue expenditure.

The Commission recognised total operating expenditure of £11.007m compared to £12.221m in 2013-14.

The largest budgetary saving was in staffing costs (£0.289m) and this was due to the organisation running under establishment. We have also continued to experience difficulty in recruiting, due to the effect of current spending controls. A further contributory factor was an accommodation saving (£0.145m), arising primarily because of a decision by the Home Office to discount by 75% for the first six months the rent charged for LGO's new London office at 2 Marsham Street.

The 2014-15 budget was reduced by £1.239m; a combination of the loss of funding due to the removal of some social housing complaints from our jurisdiction and a cut in overall funding for LGO. A review to consider the potential for further savings in 2015-16 was carried out during the year. The Commission presented a detailed business case to the sponsor Department outlining the efficiencies that LGO had already achieved and it was agreed that the 2015-16 budget would remain at 2014-15 levels. We are now working with the sponsor Department on funding

scenarios for 2016-17 and beyond.

Our core funding is received as Grant-in-Aid from the Department for Communities and Local Government (DCLG). Our use of Grant-in-Aid is reported regularly to DCLG.

During this financial year the Commission has also received additional funding from one other department. Of the £16,213,000 (2013-14: £12,307,000) received from DCLG, this included £166,000 (2013-14: £266,000) provided by the Department for Education (DfE).

Funding of office relocations and pension deficit reduction

The Commission received specific funding for two significant initiatives during the course of the year; to fund the relocation of two of the LGO's three offices, and to reduce the LGO pension deficit.

The first business case was for £1.576m of funding over the next two years to enable LGO to comply with Government property rules and relocate its offices in Coventry and York from private accommodation into lower cost alternatives within the Government estate. Under these rules we are required to terminate all private leases at the end of their term or upon a lease break. The York

office lease ends in July 2015, and we moved our staff to a DEFRA building in York (Foss House), in March 2015 to ensure we cleared the building by the end date. We are on target to implement the move of our Coventry staff to a DfE building in Coventry (Earlsdon Park), in July 2015.

The second business case related to the part payment of the CLAE share of the deficit of the London Pension Fund Authority (LPFA) pension scheme. At the beginning of 2014-15, the deficit measured on an ongoing basis was £6.4m (equivalent to the deficit of £24.485m on the IAS 19 basis). This was based on the last triennial valuation undertaken in 2012-13. At this time, the Commission agreed a repayment schedule that required us to repay to the LPFA an additional £0.5m each year towards the deficit, in addition to the 14.6% employer's contribution for the normal ongoing liability. The Department agreed to provide funding to repay part of the pension deficit thus reducing the ongoing costs of the LGO scheme. The LGO business case was based upon a new updated estimate provided by the LPFA of £5.600m. However, to ensure we recognised the full extent of the current position we prudently commissioned a full revaluation of the scheme. The new valuation at March 2015

resulted in a new larger deficit of £8.9m. The reason for the large increase, when compared to the original LPFA estimate of £5.6m, is the increased volatility in the market and a change in a number of the assumptions used to revalue the scheme. Consequently although we have paid £5.600m, we have only been able to repay part of the deficit and that is reflected in the accounts presented. The value of the deficit disclosed in the Accounts at 31 March 2015 is £28.897m, this valuation is based on a different, more prudent, set of assumptions prescribed under IAS 19 Employee Benefits.

As a result of the revaluation of pension scheme assets and liabilities during the year, the Commission's Statement of Financial Position at 31 March 2015 shows net liabilities of £26.849m (2013-14: £22.446m). This reflects the inclusion of liabilities falling due in future years which, insofar as the Commission is unable to meet them from its other sources of income, would fall, in the last resort, to be met by central government.

Internal audit

The Government Internal Audit Agency provides the internal audit service for the Local Government Ombudsman. The Agency has delivered a risk-based internal audit plan throughout the year, and, based

on this work, has provided an overall audit opinion at level two: Yellow/Moderate. This indicated that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. There were no qualifications to the opinion. The Agency noted that LGO management has been proactive in addressing the risks identified with the matters raised in their reports.

External audit and reporting processes

The Comptroller and Auditor General is the external auditor for the Commission. Before 1 September following the end of the financial year, the Annual Accounts together with the auditor's opinion and report must be submitted to DCLG.

Included in the audit opinion is the auditor's view on whether the expenditure has complied with the purposes intended by Parliament. The Commission has co-operated at all times with both the external and internal audit providers and values the input and scrutiny they provide. As far as the Commission is aware there is no relevant information of which the auditor is unaware.

The Commission has taken all available steps to ensure it is aware of relevant audit information and to establish that

the auditors are also aware of that information.

Auditor remuneration

The audit fee payable to the National Audit Office for the audit of the 2014-15 Annual Report and Accounts is £30,500.

There were no fees for non-audit work.

Data protection

Every year, LGO staff handle thousands of items of information relating to complaints made by members of the public. Last year, there were three information breaches reported to the Information Commissioner. The Information Commissioner has confirmed that no further action is necessary in two cases, and the third case is pending.

Payment of suppliers

Our payment policy is to pay invoices in accordance with agreed contractual conditions or, where no such conditions exist, within 30 days of receipt of goods or services or the presentation of a valid invoice, whichever is the later. During the period, 98% of invoices were paid within the target period.

Political donations and expenditure

The Commission made no donations and incurred no

expenditure to political causes or advocates.

Charitable donations

The Commission made no donations to charities, although was pleased to note staff recognising their part in the larger community devoting their own time and resources to various charitable activities.

Register of interests/ gifts and hospitality

The Commission maintains a register of Commissioners' and the Executive Team's interests which is available for inspection by members of the general public upon request.

No significant interests or other company directorships were held by the Commission members.

Executive Team

During 2014-15 the Commission and the Local Government Ombudsman, Jane Martin were supported by an Executive Team comprising two Executive Directors, and the Commission Operating Officer, Heather Lees, who was also the Accounting Officer. In May 2015 the Executive Team was restructured.

Sustainability reporting

The Commission is exempt from sustainability reporting as it falls below the de minimis threshold

of 250 full-time equivalent staff.

The Commission regularly scrutinises performance information from all parts of the business including environmental data.

Environment, social and community issues

The Commission is committed to reducing its environmental impact although it does not have any specific policies to report on environmental matters. Similarly, the Commission does not have any policies to report on employee, social and community issues.

Sickness absence data

During the year 1,042 working days were lost through sickness absence; 346 of which were due to long term sickness absence. This equates to 2.5% of working time lost (2013-14: 2.8%). This compares to a national average of 3.3% in 2014 (as reported in the Chartered Institute of Personnel and Development absence management report published in October 2014). There were no reportable trends in the period.

Staff numbers

At the end of March 2015, the Commission employed 158 FTE (excluding 9 FTE agency or temporary workers) of which 104 were female and 54 were male.

Financial instruments

There are no complex financial instruments.

Principal risks and uncertainties

The uncertainty over future funding is the key risk. Uncertainty over funding is being managed through the Executive Team by monitoring the current budget and planning for future years.

Ombudsman reform and 'Going Concern' status of LGO

On 25 March 2015 the previous Government published a report by Robert Gordon called, 'Better to serve the public: proposals to restructure, reform, renew and reinvigorate public services ombudsmen'. In parallel with that report they launched, 'A public service ombudsman: a consultation', to seek views about the future of public ombudsman services in England and test the desirability of moving towards a single, integrated ombudsman scheme in order to enhance public access to, and understanding of, the service. The Commission for Local Administration is aware of, and is supportive of, the proposals that are under consideration.

The current Government has subsequently set out its intention in the Queen's Speech to bring

forward a draft Bill to establish a single public services ombudsman. Any changes that arise from these proposals may have implications for the future of the Local Government Ombudsman, the Parliamentary and Health Service Ombudsman, and possibly the Housing Ombudsman. These proposals are however still subject to the completion of the consultation and a consideration of the responses received, and will require the passage of primary legislation through the full parliamentary process. It is therefore too early at this stage to know either the timetable or nature of any changes that may follow, or to make any meaningful assessment of their implications for the future of LGO. I have considered the issues set out in the report, the consultation and the Queen's Speech in forming my judgement about the overall status of the organisation. I am satisfied that this does not give rise to a material uncertainty around the going concern status of LGO at this stage and our accounts have therefore been prepared on a going concern basis. The Commission and the Executive Team will continue to monitor, and engage with, these proposals as they develop.

Significant events after the reporting period

From 1 May the role of the Commission Operating Officer was made redundant. The Executive Team now comprises a Chief Executive, Michael King, who is also the Accounting Officer, plus an Executive Director of Operations, Nigel Ellis.

As part of the package of measures contained in the Queen's Speech in May 2015 the Government announced its intention to bring forward a draft Bill to establish a single public services ombudsman. The contents of this Bill will be informed by the outcome of the Cabinet Office consultation on ombudsman reform highlighted above. The Commission is pleased that the Government has signalled its intention to proceed with this important area of reform. A single ombudsman for public services, that continues to draw upon knowledge and expertise of local government and social care, has the potential to provide a more accessible service for the public and provide better value for money for the taxpayer. I am content, as set out above, that this announcement does not give rise to a material uncertainty about the status of LGO, at this stage.

Remuneration report

Remuneration Committee

During the financial year 2014-15, the Remuneration Committee met three times and reported on its activities to the Commission.

The Committee is made up of three members appointed by the Commission. In the year in question they were:

- > Dr Jane Martin;
- > David Liggins (Independent Chair); and
- > Sir Jon Shortridge KCB.

Remuneration Policy

For the year commencing 1 April 2013 a 1% pay award was granted. For 2014-15 a 2.2% pay award was granted with effect from 1 January 2015.

Ombudsman

The Local Government Ombudsman is a Crown appointment whose remuneration is determined by the Secretary of State but funded by the Commission's budget. The PHSO is not remunerated in respect of her statutory responsibilities as a LGO Commissioner.

Dr Jane Martin's service contract is for seven years to 10 January 2017.

Advisory Members

The current members are Sir Jon Shortridge, Chair of the Audit Committee, David Liggins, Chair

of the Remuneration Committee and Carol Brady. The members' remuneration consists of a day rate plus out of pocket expenses; no pension benefits are accrued. All members must give three months' notice to terminate their contract.

The remuneration paid to Advisory Members is determined by the Commission in agreement with DCLG. It is based on the anticipated number of days to be worked.

Senior staff

The three senior staff are full-time employees of the Commission and have the same pay scheme with the following key elements:

- > **Base pay**
Base pay is analogous to Senior Civil Service Band 1.
- > **London weighting**
London weighting is paid at the same rate to all the Commission's London based staff and is analogous to that of the National Joint Council for Local Government (NJC).
- > **Notice period**
The senior staff contracts are open ended, with a 12 week notice period.

Any consolidated increase within the pay band has to be agreed by the Secretary of State for DCLG and is subject to the principles set for Senior Civil Servants by the Review Body on Senior Salaries (SSRB). Any proposal from the

Commission to DCLG is subject to advice from the Remuneration Committee. Non-consolidated and non-pensionable performance-related bonus payments may be awarded as part of the Senior Civil Servants scheme in that year. The approval arrangements are the same as for consolidated awards. Individual performance is measured through an appraisal process and is determined by performance against objectives linked to the objectives of the organisation.

Senior staff salaries and bonuses

Composition of remuneration:

- > **Salary** includes gross salary, reserved rights to London weighting or London allowances; recruitment allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.
- > **Bonuses** are non-consolidated, non-pensionable performance related payments. They are used to recognise and reward performance against in-year objectives.
- > The monetary value of **benefits in kind** covers any benefit provided by the Commission and treated by HM Revenue & Customs (HMRC) as a taxable emolument. This wholly relates to business mileage paid in excess of HMRC rates.

The following information has been audited by the Comptroller and Auditor General:

Name	Position	2014-15				2013-14			
		Salary £000	Benefits in kind (To nearest £100)	Pension Benefits £000	Total £000	Salary £000	Benefits in kind (To nearest £100)	Pension Benefits £000	Total £000
Jane Martin	Ombudsman & Chair	135-140	-	27	165-170	135-140	-	10	145-150
Anne Seex*	Ombudsman & Vice-Chair	-	-	-	-	65-70	-	18	85-90
Michael King	Executive Director	80-85	700	25	105-110	80-85	100	12	95-100
Nigel Ellis	Executive Director	85-90	1,100	26	110-115	85-90	700	17	100-105
Heather Lees**	Commission Operating Officer	85-90	-	26	110-115	80-85	-	19	100-105
Nigel Karney***	Deputy Chief Executive & Accounting Officer	-	-	-	-	95-100	-	-	95-100

Note: No bonuses were paid in 2013-14 and 2014-15.

* Anne Seex was granted ill health retirement on 31 March 2014.

** Heather Less left the Commission on 8 May 2015 and her salary above includes a redundancy payment of £4,857. The redundancy payment was paid in accordance with statutory requirements and entitlements based on length of service set out in the Contract of Employment.

*** Nigel Karney left the Commission on 31 October 2013.

Ombudsman and senior staff pension entitlement details

The Ombudsman and her senior staff have the same pension arrangements as other Commission staff as detailed in notes 1.8 and 1.9.

	Total accrued pension at 65 & related lump sum	Real increase/ (decrease) in pension & lump sum at pension age	CETV *	CETV *	Real increase in CETV
	at 31/3/15 £000	2014-15 £000	at 31/3/15 £000	at 31/3/14 £000	2014-15 £000
Jane Martin	55-60	0-2.5	965	895	43
	Lump sum -	-			
Michael King	25-30	0-2.5	470	436	21
	Lump sum 55-60	(0-2.5)			
Nigel Ellis	5-10	0-2.5	81	59	10
	Lump sum -	-			
Heather Lees	5-10	0-2.5	65	43	13
	Lump sum -	-			

*CETV is the Cash Equivalent Transfer Value. A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another scheme or arrangement when the staff member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures and the other pension details include the value of any pension benefit in another scheme or arrangement that the individual has transferred to the LGPS arrangements. They also include any additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Fair Pay disclosures

	2014-15	2013-14
Band of the highest paid individual total (£'000)	135-140	135-140
Median Total Remuneration (£'000)	38	37
Ratio	1:3.7	1:3.7

In 2014-15, no employees (2013-14: nil) received remuneration in excess of the highest-paid Commission member. Remuneration ranged from £8,285 (part-time, FTE £14,499) to £140,000 (2013-14: £2,194 to £140,000). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. All employees are paid above the living wage rate.

The banded remuneration of the highest paid Commission member in 2014-15 was £135,000-£140,000 (2013-14: £135,000-£140,000). This was 3.7 times (2013-14: 3.7) the median remuneration of the workforce, which was £37,582 (2013-14: £37,019).

Advisory Members' Remuneration

The remuneration of the Advisory Members in 2014-15 was as follows:

	Status	2014-15 Total remuneration	2013-14 Total remuneration
Carol Brady	Advisory Member	£1,155 (including £155 expenses)	-
David Liggins	Advisory Member	£7,134 (including £2,634 expenses)	£2,000
Sir Jon Shortridge	Advisory Member	£5,576 (including £576 expenses)	£5,328 (including £328 expenses)
Dame Julie Mellor (The PHSO is not remunerated by CLAE in respect of her responsibilities as a local Commissioner.)	Independent Commissioner	nil	nil

Michael King
Accounting Officer & Chief Executive
29 June 2015

This signature covers the 'Strategic Review & Chief Executive's Report' and the 'Remuneration Report'.

Statement of Commission's and Accounting Officer's Responsibilities

Under the Accounts direction as given by the Secretary of State for Communities and Local Government with the consent of the Treasury (Annex A) the Commission for Local Administration in England is required to prepare annual accounts and financial statements which give a true and fair view of the income and expenditure and cash flows for the financial year and the state of affairs at the end of the year.

The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission and of its income and expenditure, changes in Taxpayers' Equity and cash flows for the financial year.

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

- > apply suitable accounting policies on a consistent basis;
- > make judgements and estimates on a reasonable basis;
- > state whether applicable accounting standards as set out in Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- > prepare the financial statements on a going concern basis unless directed otherwise.

The Permanent Secretary for Communities and Local Government has appointed the Chief Executive as Accounting Officer of the Commission.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Commission's assets, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in Managing Public Money.

Governance statement

Governance Statement - Executive Summary

- > I was appointed as Chief Executive and Accounting Officer on 1 May 2015, taking over responsibility from Heather Lees who acted as the Commission Operating Officer and Accounting Officer for the 2014-15 business year. I have satisfied myself that the Commission's internal control arrangements have operated effectively throughout the year. I have also received a letter of assurance from the former Accounting Officer to confirm that she is also satisfied and that she is content with the assurances she has received from LGO managers and from the Internal Audit Programme.
- > During the year there has been a significant strengthening of the LGO's governance arrangements with the appointment of two additional independent advisory members to the Commission. The Commission anticipate making further proposals to update the statutory governance arrangements for the scheme in 2015-16 as part of their Triennial Review of the Local Government Act 1974.
- > The Commission has initiated a Joint Convergence Programme with the Parliamentary and Health Service Ombudsman to enable the Ombudsmen to offer a seamless service to the public. Robust governance and project management arrangements have been established to oversee this work through a Joint Convergence Committee, chaired by Sir Jon Shortridge (Chair of both organisations' Audit Committees), with Dr Jane Martin (Local Government Ombudsman) and Dame Julie Mellor (Parliamentary and Health Service Ombudsman).
- > After consultation with a wide range of stakeholders this year the Commission approved a new Corporate Strategic Plan for the period from 2015 to 2018.

Scope of responsibility

1 My responsibilities as Accounting Officer are set out in 'Managing Public Money' (Chapter 3) and the Commission's Framework Agreement with its sponsor Department, DCLG. My accountability for use of public funds is subject to the authority of the Permanent Secretary of DCLG who is Accounting Officer for that Department.

2 As Accounting Officer and Chief Executive Officer, I am personally responsible for safeguarding the public funds provided to the Commission; and for ensuring propriety and regularity in the handling of those public funds. I am required to ensure that the organisation is run on the basis of the requirements, in terms of governance, decision-making and financial management, set out in Managing Public Money. I must be able to assure Parliament and the public of high standards of probity in the management of public funds. However, I am not a Commissioner and my actions are subject to the approval and support of the Commission.

3 As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control

outlined in this Statement. My review is informed by the work of the internal auditors and the managers within the Commission who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their Management Letter and other reports.

I have been advised on the effectiveness of the system of internal control by the Commission's Audit Committee. A robust approach is in place to address any identified weaknesses and to ensure continuous improvement. This includes a monthly review by the Executive Team to monitor progress made in delivering management actions in response to internal audit recommendations. The status of all recommendations is then reported back to each Audit Committee.

4 This Governance Statement is presented by me as part of the Annual Accounts. The external auditor will consider whether this Statement complies with HM Treasury's guidance, as set out in Annex 3.1 of Managing Public Money.

The Governance Framework

5 The Commission for Local Administration in England (CLAE) is the statutory body created by the Local Government Act 1974 to operate the Local Government Ombudsman scheme. The members of the Commission are the Chair, Dr Jane Martin, who is also the Local Commissioner (Local Government Ombudsman), and Dame Julie Mellor, the Parliamentary and Health Service Ombudsman.

During the year there has been a significant further strengthening of the LGO's governance arrangements with the appointment of additional independent advisory members to the Commission. Sir Jon Shortridge, the Chair of the CLAE Audit Committee, has been an Advisory Member since November 2012. He was joined in April 2014 by David Liggins, Independent Chair of the Remuneration Committee (since December 2012), and by Carol Brady, who was appointed as an Advisory Member through an open public process in July 2014.

The previous Vice-Chair of the Commission, Anne Seex, retired on the grounds of ill health in March 2014 and the Commission has decided that it is not appropriate to fill this role. That decision is in line

with the recommendations contained in the Governance Review of the LGO carried out for the Secretary of State for Communities and Local Government in 2013. That review recommended that an early opportunity should be found to make the limited legislative changes needed to amend the governance arrangements set out in the Local Government Act 1974 to strengthen the Commission and provide a proper statutory basis to operate with one ombudsman. Those legislative changes have yet to be made. The Commission will therefore be making proposals to update the statutory governance arrangements for the scheme as part of their Triennial Review of the 1974 Act in 2015-16.

6 The Commission meets five times a year. The Accounting Officer attends the Commission meetings in an advisory capacity, together with Nigel Ellis, the Director of Operations, and other senior staff as required.

7 The Commission has conducted its operations taking into account the guidance issued by Cabinet Office in relation to spending controls. This includes restrictions relating to the appointment of staff and to advertising. The inability to openly advertise

vacant posts throughout the year has led to several unsuccessful recruitment exercises. Where recruitment to key posts has been delayed, this has contributed to an over-reliance of temporary staff, to delays in allocating cases for investigation, and to an under-spend in staffing costs.

8 Throughout 2014-15 our staff have continued to deliver improvements in the efficiency and effectiveness of our complaint handling; increasing productivity and the quality of decision making, and offering a more efficient and cost effective service to the public. For example, we increased the number of decisions made within 13 weeks from 68% to 83% during the year.

During the year the Chair of the Commission also reviewed the effectiveness of the Executive Team management arrangements. This resulted in a change to the leadership arrangements to ensure that the full responsibility for delivery of the scheme rested with one individual. Under the previous arrangements the Executive Team had shared authority for all decisions, and all three members of the team reported to the Chair of the Commission. Under this structure the Accounting Officer was accountable for the resources of the organisation; however she did not have authority and

responsibility for staffing and operational decisions. This approach was unsatisfactory. The new structure, with only the Chief Executive reporting to the Chair, and all other staff reporting to that role, has introduced a stronger leadership structure. Consequently, although the Commission Operating Officer completed the year as Accounting Officer in April 2015, that post was removed and made redundant. I accepted the role of Chief Executive and Accounting Officer from 1 May 2015.

The Quality Framework has had its first full year of operation and continues to be effective in monitoring service quality across all aspects of the business. A comprehensive suite of quality measures is owned and reviewed by all members of the Leadership Team, which includes all the senior managers in the organisation. Their ownership of the quality process provides a clear focus on one common set of standards for all of our work, across all sites and functions; it enables clear feedback to staff; and it has directly contributed to the improved results that are detailed in the Annual Report.

In addition to quality monitoring, members of the Leadership Team each have cross-cutting roles for key projects and significant areas of corporate responsibility. Leadership Team meetings will be adapted to

reflect the recent changes in leadership arrangements and will remain a key part of the LGO management and internal communication arrangements in the year to come.

9 During 2014-15 we continued to update the Select Committee about the progress against the four recommendations made in their Fifth Report of Session 2013-14. We submitted a progress report in June and, in response to a further request from the Committee, a further report in August.

Recognising the significant connections between our respective jurisdictions for health and social care, and with a shared desire to simplify redress for the public, we continue to work closely with the Parliamentary and Health Service Ombudsman to harmonise our work and offer a more joined-up service. This year we have put those activities on a more formal footing and have initiated a Joint Convergence Programme looking at both operational and back office harmonisation. Robust governance and project management arrangements have been established through a Joint Convergence Committee, chaired by Sir Jon Shortridge (Chair of both organisations' Audit Committees) with Dr Jane Martin (Local Government Ombudsman) and Dame Julie

Mellor (Parliamentary and Health Service Ombudsman). This provides strategic direction and oversight for the joint programme. To support that work I chair a Joint Executive Team, made up of all the senior managers of the two organisations, which is responsible for the delivery of a detailed programme plan. Current convergence goals include the harmonisation of information security standards and the joint procurement of a new casework management system, both to enable closer joint working.

On 25 March 2015 Cabinet Office published a report, 'Better to serve the public: proposals to restructure, reform, renew and reinvigorate public services ombudsmen'. In parallel with this report they launched a consultation seeking views on establishing a public sector ombudsman, which closes on June 16 2015. The Commission is actively engaged with these developments and is supportive of any reforms that simplify access to justice for the public and enhance the ombudsmen's ability to drive public service improvement.

On 26 March 2015 the Department of Communities and Local Government published a consultation on extending the remit of the Local Government Ombudsman to larger parish and town councils.

Both consultations could have a major impact on the future shape and resources of the organisation. The Commission formally responded to both consultations in the first quarter of 2015-16. We will also be working with the sponsor Department to assess the implications of these proposals as part of wider discussions about future resource requirements and public spending pressures.

10 The Commission received financial and performance data at each of its meetings to enable it to monitor performance against each of its four strategic objectives and against its business plan. The organisation reviewed its performance measures during 2014-15 and I am satisfied that the level and quality of the data was appropriate. I anticipate making further refinements to the performance data that is provided to the Commission during 2015-16 and have asked my Head of Policy and Communications to review data integrity and reporting across LGO to ensure that we make best use of the data we hold.

11 A table setting out Commission and committee attendances in 2014-15 is shown below.

12 The Commission sets a three year corporate plan and a one year business plan which forms the basis of its budgetary request to its sponsor Department and other funding departments and provides the framework for all service delivery. After consultation with a wide range of stakeholders this year the Commission approved a new Corporate Strategic Plan for the period from 2015 to 2018.

13 In addition to core revenue and capital funding for 2014-15, the Commission received funds to enable it to implement the requirement for LGO to relocate from both our Coventry and York offices at the end of their leases in 2015. The relocation of our York office was successfully completed during the year and plans are on target for the Coventry move in Summer 2015.

During the year the Commission also submitted a successful business case for funding in 2015-16. As a result it expects to receive the same core funding as in 2014-15. The Commission

nevertheless faces ongoing financial challenges and the LGO scheme operates with limited resilience to respond to further changes in demand or resources.

The Audit Committee

14 The Commission has appointed an Audit Committee. It has an independent Chair, Sir Jon Shortridge, and two other members: Dame Julie Mellor, the Parliamentary and Health Service Ombudsman, and David Liggins, an independent member. The Commission Chair also attends in an advisory capacity. The Committee

Commission and Committee attendances

Present	Commission meetings (5 in total)	Audit Committee meetings (4 in total)	Remuneration Committee meetings (3 in total)	Joint Convergence Committee meetings (4 in total)
Dr Jane Martin (Chair of Commission)	5	4	3	4
Dame Julie Mellor (Parliamentary & Health Service Ombudsman)	5	4	-	4
Sir Jon Shortridge (Audit Committee Chair)	5	4	3	4
David Liggins (Remuneration Committee Chair)	3	4	3	-
Carol Brady (Advisory Member - appointed July 2014)	2	-	-	-

meets at least four times a year and the minutes of its meetings, together with any recommendations, are reported to the Commission.

The Committee is responsible for reviewing the process of internal and external audit, and oversees the effectiveness of the Commission’s risk management processes. It comments on the internal audit programme and monitors the progress on implementing audit recommendations.

15 The Audit Committee meetings are attended by representatives of internal and external audit. The meetings are also attended by the Accounting Officer and by the Finance Manager. The Audit Committee receives an Annual Report from the internal auditors on the effectiveness of internal controls based on the internal audit programme and comments from the external auditors concerning the findings from their audit of the Commission’s Annual Accounts.

16 The Audit Committee produces an Annual Report on its work which is presented at the Commission meeting when the Annual Accounts are submitted for approval. A summary of the significant business dealt with by the Committee is as follows.

The Committee received three internal audit reports from our internal auditors GIAA who are satisfied that they can provide the following assurances:

Internal audit report	Assurance level
Finance key controls	Moderate
Counter Fraud	Moderate
IT Controls	Moderate

GIAA were also commissioned to undertake two further audits to report on the extent of our compliance with ISO 27001. This work was undertaken in support of the Joint Convergence Programme. We have agreed with PHSO to both align with the ISO framework, though neither organisation intends to seek formal certification to the standard. The two audits made useful recommendations to help LGO move closer to the requirements of the standard and confirmed that, once we had completed the recommendations of the IT Controls audit, our approach will be fit for purpose.

During the year the committee also reviewed the findings of the organisation's Penetration Test. This test, undertaken by external auditors, reviews the organisation’s IT vulnerability, security arrangements and physical building security to

judge how effective the current measures are at stopping intruders both electronically and physically. The test provided assurance that our measures are effective and also offered recommendations on where and how we could improve those measures. A desk top test of the new Business Continuity plan was performed to ensure the plan was appropriately documented and that the team were properly trained and clear about their roles. An external organisation was commissioned to test our approach. They were able to offer assurance that the current plan was appropriate, but suggested a number of changes to further enhance the process. The plan will be reviewed again by December 2015 after the accommodation moves in Coventry and York.

The Committee also considered the draft Annual Accounts, including this Governance Statement and submitted comments on these.

17 Both the Commission’s internal auditors in 2014-15 (GIAA) and its external auditors (National Audit Office) have ready access to the Audit Committee and its Chair, the Commission and its staff, as appropriate.

Risk assessment & management

18 The Commission has overall responsibility for monitoring and reviewing strategic risks aligned to the four strategic objectives of the organisation. Throughout 2014-15 risk registers for strategic, operational and project risks have been regularly reviewed and monitored by the Commission, Executive Team and relevant project boards. The amalgamated operational risk register covers all three sites and all parts of the organisation. The Commission Risk Management Strategy defines key roles and responsibilities and sets out how risk is to be managed. In my capacity as Accounting Officer I am responsible to the Commission for ensuring this approach operates effectively, and will be updating the Risk Management Strategy during 2015-16 to ensure it reflects the new structure.

19 The Audit Committee has oversight of risk management arrangements and advises the Commission of any concerns or suggestions in this regard. The Committee and the Commission receive a quarterly assessment of strategic risks, reports on risk related to major projects, and on any significant failures in operational risk management.

During the year this has included a particular focus on addressing risks related to the resilience and business continuity arrangements for the LGO's externally provided IT, data and telephony systems and on mitigating risks associated with information security.

Assurance of effectiveness

20 The internal audit programme for the Commission is based, in part, on the strategic risks identified by the Commission and the operational and project risks identified in the risk registers. The annual assurance report from the Head of Internal Audit on the overall effectiveness of internal controls includes risk management. No significant internal control issues have been identified in 2014-15 by this audit process. The Head of Internal Audit stated on the basis of the evidence obtained during 2014-15 that she was able to provide an overall level two /'moderate' assurance rating on the adequacy and effectiveness of the LGO's arrangements. This audit opinion signifies that some improvements are required to enhance the adequacy and effectiveness of the framework of internal control. In her opinion, there are no significant weaknesses that fall within the scope of issues that should be reported in the Governance Statement.

21 I am satisfied with the effectiveness of the systems of internal control operating within LGO. I have also received a letter of assurance from the former Commission Operating Officer to confirm that she is satisfied that our internal control systems operated effectively throughout the year and that she is content with the assurances she has received from LGO managers and from the Internal Audit Programme.

22 The Audit Committee is pleased to record that, for the reporting period in question, assurances provided and controls in place are considered adequate to support the needs of the Commission and the Accounting Officer in discharging their reporting obligations and decision making needs. This includes scrutinising the fraud controls in the business and receiving no reports of fraud during 2014-15.

The Remuneration Committee

23 The Remuneration Committee met three times in the year and was advised by the Accounting Officer and the Head of Human Resources, except on matters relating to personal remuneration. The Committee reported to the Commission after every

meeting. In the course of the year the Committee's work included scrutiny of the fair operation of the LGO's Exceptional Contribution Award Scheme and consideration of pay equality issues.

24 The Committee continued to appraise the Ombudsman's performance through a 360 degree appraisal which was undertaken by the Chair of the Remuneration Committee. The members of the Committee, Executive Team, Commission, external stakeholders and the sponsor Department were asked for their feedback in relation to the Ombudsman's objectives. The Ombudsman has used the results of the appraisal to help form her 2015-16 objectives.

Compliance with the Corporate Governance Code

25 DCLG categorises the Commission as an Arm's Length Body (ALB). The Cabinet Office Corporate Governance Code states that where part of the business of the Department is conducted with and through an ALB, the Department's Board should ensure that there are robust governance arrangements with the ALB Board. These arrangements should set out the terms of their relationship and explain how they will be put in place

to promote high performance and safeguard propriety and regularity.

26 The Code goes on to state that the Department should ensure it has a written agreement, in accordance with Managing Public Money, with each of its ALBs which defines clearly how the relationship should work. The agreement should take the form of a Framework Document and should reflect the:

- > purpose and responsibilities of the ALB;
- > legal framework (if any) of the ALB; and
- > the environment in which it operates.

It should include:

- > reporting and consultation arrangements;
- > mechanisms for providing assurance on performance;
- > respective roles and obligations.

27 The Framework Agreement was signed in August 2013 after formal approval from HM Treasury and the Secretary of State for Communities and Local Government.

28 In conclusion, the Commission has delivered an improved service to the public whilst reducing its budget,

enhancing its governance structure, and relocating its staff to new offices. As Accounting Officer I am satisfied that we have complied with all the controls under which we work, both internal and external, whilst making a positive change to our approach to transparency evidenced by the first full year of publication of all our decisions online. We continue to transform the organisation and I fully support the Chair of the Commission's determination that we will continue to build on our strong foundations so that we remain relevant and resilient.

Michael King
Accounting Officer & Chief Executive
29 June 2015

Independent Auditor's Report

The Independent Auditor's Report to the Commission for Local Administration in England (also known as the Local Government Ombudsman).

I have audited the financial statements of the Commission for Local Administration in England for the year ended 31 March 2015. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Commission, Accounting Officer and Auditor

As explained more fully in the Statement of Commission's and Accounting Officer's Responsibilities, the Commission and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Commission's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Commission; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- > the financial statements give a true and fair view of the state of the Commission's affairs as at 31 March 2015 and of the net expenditure for the year then ended; and
- > the financial statements have been properly prepared in accordance with the Framework Agreement between the Commission and Department for Communities and Local Government and the Government Financial Reporting Manual.

Opinion on other matters

In my opinion:

- > the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual; and
- > the information given in the sections entitled "Who we are, what we do" and "Strategic Review & Chief Executive's Report" for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Sir Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

1 July 2015

Statement of Comprehensive Net Expenditure

		2015	2014
	Note	£000	£000
Operating income	2.1	(51)	(256)
Operating expenditure			
Staff costs	3.1	14,198	8,562
Pension loss/(gain)	3.2	(5,269)	378
Accommodation costs	4.1	732	1,810
Office expenses	4.2	648	492
Professional costs	4.3	245	471
Depreciation & amortisation	6 & 7	297	341
Meeting & travel costs		156	167
Total operating expenditure		11,007	12,221
Net operating expenditure		10,956	11,965
Net interest costs	5	1,027	1,188
Net expenditure for the year		11,983	13,153
Other comprehensive expenditure			
Pension fund actuarial loss/(gain)	12g	8,633	(4,592)
Total comprehensive expenditure		20,616	8,561

The notes on pages 47 to 69 form part of these accounts.

All activities are continuing.

The pension fund actuarial gain is not reclassifiable to net operating expenditure.

Statement of Financial Position

	Note	2015 £000	2014 £000
Assets			
Non current assets			
Plant & equipment	6	152	278
Intangible assets	7	273	298
Total non current assets		425	576
Current assets			
Trade & other receivables	8	360	250
Cash & cash equivalents	9	2,733	2,591
Total current assets		3,093	2,841
Total assets		3,518	3,417
Liabilities			
Current liabilities			
Trade & other payables	10	(1,248)	(923)
Provision for dilapidations	11	(222)	-
Total current liabilities		(1,470)	(923)
Total assets less total current liabilities		2,048	2,494
Non current liabilities			
Provision for dilapidations	11	-	(455)
Pension scheme liability	12e	(28,897)	(24,485)
Total non current liabilities		(28,897)	(24,940)
Assets less liabilities		(26,849)	(22,446)
Taxpayers' equity			
Income and Expenditure Reserve		2,048	2,039
Pension Reserve		(28,897)	(24,485)
Total Taxpayers' Equity		(26,849)	(22,446)

The notes on pages 47 to 69 form part of these accounts.

Michael King
Accounting Officer
29 June 2015

Dr Jane Martin
Chair
29 June 2015

Statement of Cash Flows

	Note	2015 £000	2014 £000
Cash flows from operating activities			
Net expenditure for the year		(11,983)	(13,153)
Adjustments for:			
Depreciation & amortisation	6 & 7	297	341
Loss on sale of fixed assets	4.2	26	-
Finance costs/(income)	5	(21)	(20)
(Increase)/decrease in trade & other receivables	8	(110)	340
Increase/(decrease) in trade & other payables	10	325	101
Increase/ (decrease) in provision for dilapidations	11	(233)	(656)
Non-cash pension charge/(credit) included in net expenditure for the year		(4,221)	1,586
Net cash outflow from operating activities		(15,920)	(11,461)
Cash flows from investing activities			
Purchase of plant & equipment	6	(81)	(88)
Purchase of intangible non-current assets	7	(91)	(82)
Interest received	5	21	20
Net cash outflow from investing activities		(151)	(150)
Cash flows from financing activities			
Receipts of Grant-in-Aid financing		16,213	12,307
Net cash inflow from financing activities		16,213	12,307
Net increase/(decrease) in cash & cash equivalents		142	696
Cash & cash equivalents at beginning of period		2,591	1,895
Cash & cash equivalents at end of period	9	2,733	2,591

The notes on pages 47 to 69 form part of these accounts.

Statement of Changes in Taxpayers' Equity

	Note	Income & Expenditure Reserve	Pension Reserve	Total Taxpayers' Equity
		£000	£000	£000
Balance at 31 March 2013		1,299	(27,491)	(26,192)
Grant-in-Aid financing	2.2	12,307	-	12,307
Total comprehensive expenditure for the year		(13,153)	4,592	(8,561)
Transfers between reserves in respect of pension fund costs		1,586	(1,586)	-
Balance at 31 March 2014		2,039	(24,485)	(22,446)
Grant-in-Aid financing	2.2	16,213	-	16,213
Total comprehensive expenditure for the year		(11,983)	(8,633)	(20,616)
Transfers between reserves in respect of pension fund costs		(4,221)	4,221	-
Balance at 31 March 2015		2,048	(28,897)	(26,849)

The notes on pages 47 to 69 form part of these accounts.

Nature and Purpose of Reserves

Income and Expenditure Reserve

This Reserve represents the cumulative surplus of income over expenditure at the date of the Statement of Financial Position. It represents reserves generally available for the ongoing operations of the Commission, excluding the deficit arising from the Commission's participation in the Local Government Pension Scheme.

Pension Reserve

This Reserve represents the liability arising from the Commission's participation in the Local Government Pension Scheme, as determined by the scheme actuary.

Notes to the Financial Statements

Accounting Policies

1.1 Accounting convention

The Financial Statements are prepared under the historical cost convention, modified only in the case of tangible and intangible non current assets which are held at valuation, if materially different from historical cost less accumulated depreciation.

1.2 Basis of preparation

The Financial Statements have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Commission for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Commission are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Commission's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

1.3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Commission's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements:

> Classification of leases

The Commission has classified all of its leases of land and buildings as operating leases, as it is considered that these leases do not transfer substantially all of the risks and rewards of ownership to the Commission. The

primary considerations in this assessment are that the lease terms do not represent the major part of the life of the leased assets and that the present value of lease payments at the inception of the leases do not represent a significant part of the value of the leased assets.

> Asset valuations

The Commission has concluded that there is not a material difference between the fair value of its tangible and intangible non current assets and the depreciated historical cost of these assets. As a result of this conclusion, detailed asset valuations have not been carried out.

1.3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning estimation uncertainty at the end of the reporting period, that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Valuation of pension scheme assets and liabilities

The valuation of the Commission's defined benefit pension scheme assets and liabilities is based on a range of assumptions covering variables such as investment returns, inflation and pensioner lifespans. The selection of appropriate assumptions

represents a significant accounting estimate. Where actual outturns are significantly different to the selected assumptions, the value of scheme assets and liabilities may be materially different. The assumptions are made by management based on advice from a professional actuary and are reviewed annually. In addition, the scheme is subject to a full actuarial review on a triennial basis.

1.4 Grant-in-Aid

The Commission receives Grant-in-Aid from DCLG. This type of funding is classified as financing and is recognised directly in the Statement of Changes in Taxpayers' Equity.

Grant-in-Aid is paid monthly according to the requirements of the Commission. The Grant-in-Aid from the Department also includes funding from the DfE. Grant income under Grant-in-Aid financing is accounted for on a cash basis.

1.5 Going concern

As a result of the revaluation of pension scheme assets and liabilities during the year, the Commission's Statement of Financial Position at 31 March 2015 shows net liabilities of £27m. This reflects the inclusion of liabilities falling due in future years which, insofar as the Commission is unable to meet them from its other

sources of income, would fall, in the last resort, to be met by central government. Under the normal conventions applying to Parliamentary control over income and expenditure, such funding may not be issued in advance of need, but there is no reason to believe that, if required, funding and Parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for these financial statements.

On 25 March 2015 the previous Government published a report by Robert Gordon called, 'Better to serve: proposals to restructure, reform, renew and reinvigorate public services ombudsmen'. In parallel with that report they launched, 'A public service ombudsman: a consultation', to seek views about the future of public ombudsman services in England. The current Government has subsequently set out its intention in the Queen's Speech to bring forward a draft Bill to establish a single public services ombudsman. Any changes that arise from these proposals may have implications for the future of the Local Government Ombudsman. These proposals are however still subject to the completion of the consultation and consideration of the responses received, and will require the passage of primary legislation through the full

parliamentary process. It is therefore too early at this stage to know either the timetable or nature of any changes that may follow, or to make any meaningful assessment of their implications for the future of LGO. We have considered the issues set out in the report, the consultation, and the Queen's Speech in forming a judgement about the overall status of the organisation. We are satisfied that this does not give rise to a material uncertainty around the going concern status of LGO at this stage, and our accounts have therefore been prepared on a going concern basis.

1.6 Value Added Tax

The Commission is registered for VAT and is able to recover input VAT on its purchases. Expenditure is shown net of recoverable VAT. Outstanding recoverable VAT is included within trade and other receivables.

1.7 Corporation Tax

The Commission is not subject to Corporation Tax.

1.8 Pension scheme

The Commission is an admitted body of the Local Government Pension Scheme, administered by the London Pension Fund Authority (LPFA). This is a multi-employer defined benefit final salary scheme, accounted for in accordance with IAS 19 Employee Benefits.

The Commission's share of the scheme's assets and liabilities can be identified.

The valuation of the Commission's defined benefit pension scheme assets and liabilities is based on a range of assumptions covering variables such as investment returns, inflation and pensioner lifespans. Where actual outturns are significantly different to the selected assumptions, the value of scheme assets and liabilities may be materially different. The assumptions are made by management based on advice from a professional actuary and are reviewed annually.

In accordance with IAS 19 (revised) the Commission recognises all actuarial gains or losses in Other Comprehensive Expenditure.

1.9 Short term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the Financial Statements to the extent that employees are permitted to carry forward leave into the following period.

1.10 Tangible non current assets - plant and equipment

Individual items of plant and equipment with a cost of less than £5,000 are expensed in the Statement of Comprehensive Net Expenditure in the year of acquisition, except where they form part of a significant capital project, the total cost of which exceeds £5,000.

Items of plant and equipment and significant capital projects with a cost of greater than £5,000 are initially recognised at cost and depreciated over their useful economic life on a straight line basis. The ranges of useful economic lives of assets currently in use are as follows:

- > Plant and machinery
3-14 years
- > Furniture and fittings
4-13 years
- > Information technology
3-4 years

The useful economic life of assets within the categories above that are permanently installed within the Commission's leasehold properties is limited to the remaining lease term, with these items being fully written-off over this period.

Depreciation is not provided for assets under construction or payments on account of plant and equipment.

All items of plant and equipment are held at depreciated historical cost, as this is considered to be an appropriate proxy for fair value. All assets held by the Commission have a short useful life or a low individual value (or both). Where there is an indication that individual assets may be impaired, an impairment review is conducted and assets are written down to the lower of their carrying amount and recoverable amount, in accordance with IAS 36 and the HM Treasury Financial Reporting Manual.

1.11 Intangible non current assets

Individual intangible assets with a cost of less than £5,000 are expensed in the Statement of Comprehensive Net Expenditure in the year of acquisition, except where they form part of a significant capital project, the total cost of which exceeds £5,000.

Intangible assets with a cost of greater than £5,000 are initially recognised at cost and amortised over their useful economic life on a straight line basis.

The range of useful economic lives of assets currently in use is as follows:

- > Software licences
4-5 years

All intangible assets are held at amortised historical cost, as this

is considered to be an appropriate proxy for fair value. The Commission does not believe there to be a material difference between the fair value (as determined by amortised replacement cost) and the amortised historical cost of intangible assets.

Where there is an indication that individual assets may be impaired, an impairment review is conducted and assets are written down to the lower of their carrying amount and recoverable amount, in accordance with IAS 36 and the HM Treasury Financial Reporting Manual.

1.12 Revenue

The Commission derives revenue from the provision of training courses to local authorities. This income is recognised at fair value of the consideration received or receivable net of VAT.

1.13 Leases (Commission as lessee)

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. The Commission does not currently have any assets held under finance leases.

Operating lease payments are recognised as an expense on a straight line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight line basis over the lease term.

1.14 Leases (Commission as lessor)

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Operating lease receipts are recognised as income on a straight line basis over the lease term. Lease incentives are recognised initially as an asset and subsequently as a reduction in rentals on a straight line basis over the lease term.

The Commission does not currently act as lessor in any leases.

1.15 Financial Instruments

> Financial assets
Financial assets are recognised when the Commission becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Commission currently only holds cash deposits with current bankers, Lloyds Bank PLC.

> Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments which are quoted in an active market. They are measured at amortised cost less any impairment.

The Commission does not have any loans or receivables.

> Financial liabilities

Financial liabilities are recognised in the Statement of Financial Position when the Commission becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are derecognised when the liability has been discharged, that is, the liability has been paid or has expired.

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or financial liabilities at amortised cost.

Financial liabilities are initially recognised at fair value.

1.16 Changes in Accounting Policy

The Commission has considered, in accordance with IAS 8, whether there have been any changes to accounting policies arising from IFRS and the FReM which have an impact on the current or prior period, or may have an effect on future periods. The Commission has also reviewed any new or amended standards issued by IASB but not yet effective, to determine if it needs to make any disclosures in respect of those new IFRS's that are or will be applicable.

The Commission has not applied any changes in accounting policy in the current period.

The Commission does not believe there are any changes to accounting policies that may have an impact on future periods.

1.17 Provisions

Provisions are liabilities of uncertain amount or timing. A provision is recorded if a sufficiently reliable estimate can be made.

Property dilapidations are treated as provisions and are recognised in terms of the obligations within the Commission's leases on buildings.

1.18 Segmental reporting

The Commission considers all operational activities are substantially of the same nature and, therefore segmental reporting is not appropriate.

1.19 Contingent liabilities

The Commission does not have any contingent liabilities.

2.1 Operating income

	2015 £000	2014 £000
Sublease income from PHSO	-	206
Training & seminar fees	51	50
	51	256

2.2 Grant-in-Aid

The Commission received funding from two Government departments in 2014-15. In addition to the core funding, office relocation and pension deficit funding from DCLG, monies were received via DCLG from DfE. The grant is accounted for in the Statement of Changes in Taxpayers' Equity, as discussed in note 1.4.

	2015 £000	2014 £000
DCLG	16,047	12,041
DfE	166	266
	16,213	12,307

Represented by:	2015 £000	2014 £000
Revenue	15,988	12,137
Capital	225	170
	16,213	12,307

3.1 Staff costs

	2015	2015	2015	2014
	£000	£000	£000	£000
	Permanently employed staff	Others	Total	Total
Wages & salaries	6,365	-	6,365	6,299
Social security	543	-	543	536
Other pension costs*	6,951	12	6,963	1,370
	13,859	12	13,871	8,205
Temporary staff	-	229	229	178
Redundancy costs	27	-	27	63
	13,886	241	14,127	8,446
Indirect staffing costs**	71	-	71	116
Total	13,957	241	14,198	8,562

Analysis of Commissioners'/Senior Management's salaries is available within the Remuneration Report.

*This includes £11,870 (2013-14: £11,581) relating to pension payments to a retired Local Government Ombudsman and a surviving widow. In addition it includes a one-off payment of £5,600,000 (2013-14: nil) towards the CLAE share of the deficit of the LPFA pension scheme.

**This is related to training costs, payroll bureau fees and staff recruitment costs.

3.2 Pension loss/(gain)

	2015	2014
	£000	£000
Current service costs	1,594	1,605
Past service costs, including curtailments	-	63
Administration expenses	77	75
Contributions by the employer*	(6,940)	(1,365)
Total	(5,269)	378

* The cost of the contributions by the employer are included in other pension costs in note 3.1 and in 2014-15 include a one-off payment of £5,600,000 towards the CLAE share of the pension deficit.

3.3 Reporting of compensation scheme packages

	2014-15	2014-15	2014-15	2013-14	2013-14	2013-14
Exit package cost bands £000's	Number of compulsory redundancies	Number of other departures agreed	Total	Number of compulsory redundancies	Number of other departures agreed	Total
<£10	5	-	5	2	-	2
£10-£25	-	-	-	2	-	2
£25-50	-	-	-	1	-	1
Total number of exit packages	5	-	5	5	-	5
Total cost (£000)	27	-	27	63	-	63

Redundancy and other departure costs have been paid in accordance with statutory requirements and entitlements based on length of service set out in the Commission's standard contract of employment. Exit costs are accounted for in full in the year of departure or, where earlier, the year in which a legal or constructive obligation to pay such costs arises. Costs included lump sum payments to the Local Government Pension Scheme, where applicable.

3.4 Staff numbers

	2015	2014
Average number of full time equivalent staff employed:		
Permanently employed	160	162
Other*	5	6
	165	168

*Other staff includes short-term contractors and temporary or agency staff.

Staff numbers exclude the Ombudsman as she is not a member of staff, but her remuneration is included in wages and salaries note 3.1 and also included in the Remuneration Report.

4 Operating expenditure

4.1 Accommodation costs		
	2015	2014
	£000	£000
Rent & rates	576	1,568
Other expenses	69	148
Utilities	66	50
Repairs & maintenance	7	32
Health & safety	14	12
	732	1,810

Rent and rates includes ongoing costs incurred under commercial operating leases at offices in Coventry as well as an office in York which was vacated during the year. It also includes ongoing costs incurred under a Memorandum of Terms of Occupation (MOTO) at DCLG offices in London. The cost is net of the release of a provision for dilapidations of £230,187 (2013-14: release of £363,257) as shown in note 11.

2013-14 rent and rates costs include £742,991 (2014-15:nil) in respect of the lease break for the commercial premises in London that were vacated in 2013-14, as well as commercial rental costs which are more expensive than the MOTO.

4.2 Office expenses		
	2015	2014
	£000	£000
Computers & telephone	479	301
Insurance & other office expenses	61	116
Loss on sale of fixed assets	26	-
Furniture & equipment rental	45	29
Postage & stationery	37	46
	648	492

4.3 Professional costs		
	2015	2014
	£000	£000
Legal & litigation	49	298
Internal & external audit	57	37
Professional fees & subscriptions	43	56
Publicity & information	91	64
Research	5	16
	245	471

External audit remuneration totals £30,500 (2013-14: £15,000). No remuneration was paid to the external auditors for non audit work in 2014-15 (2013-14: nil). Internal audit fees of £15,595 were incurred in 2014-15 (2013-14: £14,299).

Amounts paid under operating leases and included within accommodation costs and office expenses above, are:

4.4 Amounts paid under operating leases		
	2015	2014
	£000	£000
Buildings	651	872
Other	13	19
	664	891

5 Net interest costs

	Note	2015	2014
		£000	£000
Interest on pension fund assets	12i	2,256	2,232
Interest on pension fund liabilities	12h	(3,304)	(3,440)
Bank deposit interest		21	20
		(1,027)	(1,188)

6 Plant and Equipment

	Plant & machinery	Furniture & fittings	Information technology	Total
	£000	£000	£000	£000
Cost				
At 01 April 2014	297	907	365	1,569
Additions	-	-	81	81
Disposals	(52)	(197)	(86)	(335)
At 31 March 2015	245	710	360	1,315

Depreciation				
At 01 April 2014	242	784	265	1,291
Provided during the year	45	102	35	182
Disposals	(46)	(178)	(86)	(310)
At 31 March 2015	241	708	214	1,163

Cost				
At 01 April 2013	427	1,434	352	2,213
Additions	-	-	88	88
Disposals	(130)	(527)	(75)	(732)
At 31 March 2014	297	907	365	1,569

Depreciation				
At 01 April 2013	327	1,188	306	1,821
Provided during the year	45	123	34	202
Disposals	(130)	(527)	(75)	(732)
At 31 March 2014	242	784	265	1,291

Net Book Value				
At 31 March 2014	55	123	100	278
At 31 March 2015	4	2	146	152

No amounts are included above in respect of assets held under finance leases and all amounts relate to externally generated assets. All assets are owned by the Commission.

7 Intangible assets

	Total £000
Cost	
At 01 April 2014	1,011
Additions	91
Disposals	(9)
Cost at 31 March 2015	1,093

Amortisation	
At 01 April 2014	713
Provided during the year	115
Disposals	(8)
At 31 March 2015	820

Cost	
At 01 April 2013	1,118
Additions	82
Disposals	(189)
Cost at 31 March 2014	1,011

Amortisation	
At 01 April 2013	763
Provided during the year	139
Disposals	(189)
At 31 March 2014	713

Net Book Value	
At 31 March 2014	298
At 31 March 2015	273

All intangible assets held by the Commission are externally developed software or software licenses. No amounts are included above in respect of assets held under finance leases and all amounts relate to externally generated intangible assets or software licenses.

8 Trade and other receivables

	2015 £000	2014 £000
Trade receivables	11	63
Deposits & advances*	35	32
VAT receivable	93	34
Prepayments	221	121
	360	250
Represented by:		
Central Government	93	34
Local Authority	5	43
External bodies	262	173
	360	250

* Deposits and advances includes staff loans for rail travel - £17,894 (2013-14: £15,239) and travel advances - £17,100 (2013-14: £17,200).

9 Cash and cash equivalents

	2015 £000	2014 £000
Cash at bank and in hand	2,733	2,591

Cash and cash equivalents are represented by balances held at commercial banks and minor petty cash.

10 Trade and other payables

Current Trade and other payables		
	2015	2014
	£000	£000
Trade payables	63	161
Other payables	343	320
Accruals & deferred income	842	442
	1,248	923
Represented by:		
Central Government	468	193
Local Authority	8	16
External bodies	772	714
	1,248	923

11 Provision for dilapidations

	2015	2014
	£000	£000
Balance at 01 April	455	1,111
Utilised	(3)	(293)
Provided in year	-	-
Written back	(230)	(363)
	222	455

	2015	2014
	£000	£000
Balance at 01 April		
Current	222	-
Non current	-	455
	222	455

The Commission has reviewed potential liabilities associated with its estates portfolio. In particular the Commission wishes to note and record the impact of potential costs associated with obligations to make good, individually, across all premises should such premises be exited. The Commission has been provided with values associated with provisions by its premises advisors.

The current liability of £222,000 is for the dilapidations of the Coventry and York premises.

12 Pension scheme

12.1 The Local Government Ombudsman (LGO) and staff belong to the Local Government Pension Scheme which is a defined benefit scheme, administered by the London Pensions Fund Authority (LPFA). No enhanced terms apply to either Local Commissioners or senior staff. The scheme is a multi employer scheme but the Commission's share of assets and liabilities can be identified.

12.2 The Commission paid employer's superannuation contributions to this scheme at the rate of 21.9% of pensionable remuneration on behalf of both Local Commissioners and staff to a total of £1,345,256 during 2014-15 (2013-14: £1,366,539) as well as a one-off payment towards the deficit of £5,600,000. In addition, payments in respect of curtailments and settlements arising from redundancies totalling nil (2013-14: £87,616) were made in the year. The employer's and employee's contribution rate is fixed following actuarial assessments every three years. The most recent assessment which reviewed the position of the Fund at 31 March 2013, resulted in the employers' rate of 21.9% (unchanged from 1 April 2008) effective from 1 April 2014. For the year commencing 1 April

2015, employer's contributions will be at the rate of 14.6% plus a fixed sum of £486,970, and then in the year commencing 1 April 2016, the rate will be 14.6% plus a fixed sum of £508,884.

12.3 The pension arrangements for the Local Commissioners and Commission staff are subject to the agreement of the Secretary of State for Communities and Local Government. He has agreed that the arrangements should be part of the Local Government Pension Scheme. Accordingly, this scheme forms the basis of the current terms and conditions of Local Commissioners and Commission staff. Any changes to the scheme to alleviate the deficit (refer to subsequent tables for details) such as by increasing the pension age or increasing employee contributions, would be a matter for national negotiations and Government action. As a relatively small employer, the Commission is not in a position to exert significant influence on this matter. The Commission's Fund is currently managed by the LPFA; the relevant Commission officers take up opportunities provided by LPFA for consultation and scrutiny; the Accounting Officer has considered the possibility of transferring the Commission's funds to a different authority

but, at present, he considers LPFA's asset management to be competitive.

12.4 On 28 June 1993 by virtue of Statutory Instrument 1993 No 1367, Local Ombudsmen became eligible to join the Local Government Scheme and their previous individual superannuation arrangements were closed by transfer of service to the Scheme operated by the LPFA. These transfer arrangements did not provide for Local Ombudsmen who had already retired. The pensions of one such Local Ombudsman, and a surviving widow, remain the responsibility of the Commission and are met through the Statement of Comprehensive Net Expenditure, the total payment during 2014-15 amounting to £11,870 (2013-14: £11,581).

12.5 Disclosures as required by IAS 19 are below.

The tables and notes below were provided by the LPFA actuary and the Commission is content that they fairly present the most appropriate assumptions to be applied and the estimated assets and liabilities and the actuarial loss for 2014-15 for the scheme.

a. Financial assumptions			
Year ended:	31 March 2015	31 March 2014	
	% pa	% pa	
Inflation/pension increase (RPI)	3.3	3.6	
Inflation/pension increase (CPI)	2.5	2.8	
Salary increase rate	4.3	4.6	
Pension increases	2.5	2.8	
Discount rate	3.4	4.4	

b. Demographic assumptions			
Life expectancy in years from age 65	2015	2014	
Retiring today - males	22.6	22.5	
Retiring today - females	25.5	25.4	
Retiring in 20 years - males	24.9	24.8	
Retiring in 20 years - females	27.8	27.6	

The actuary has adopted demographic assumptions which are consistent with those used for the funding valuation as at 31 March 2015. The post retirement mortality is based on Club Vita mortality analysis which has been projected using the CMI 2012 model and allowing for a minimum rate of improvement of 1.5%.

The actuary also made the following assumptions:

- > that members will exchange half of their commutable pension for cash at retirement;
- > that active members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- > that no members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

The actuary is not required to disclose an expected return assumption for the year to 31 March 2016.

c. Estimated asset allocation		
Year ended	31 March 2015	31 March 2014
	%	%
Equities	43	53
LDI/Cashflow matching	8	6
Target return funds	29	30
Infrastructure	5	4
Commodities	1	1
Property	3	3
Cash	11	3
Total	100	100

d. Fair value of employer assets - CLAE share		
	31 March 2015	31 March 2014
	£000	£000
Equities	26,033	27,294
LDI/Cashflow matching	4,504	3,090
Target return funds	17,346	15,450
Infrastructure	2,973	2,060
Commodities	558	515
Property	1,700	1,545
Cash	6,889	1,545
Total	60,003	51,499

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2015 is estimated to be 7%. This is based on the estimated Fund value used at the previous accounting date and the estimated Fund value used at this accounting date. The actual return on Fund assets over the period may be different.

The Commission's share of the assets of the total Fund is approximately 1%.

e. Amounts recognised in the Statement of Financial Position			
Year ended	Note	31 March 2015	31 March 2014
		£000	£000
Fair value of employer assets	12d & 12i	60,003	51,499
Present value of funded obligation	12h	(88,900)	(75,984)
Net (liability)		(28,897)	(24,485)

In 2014-15 a one-off payment of £5,600,000 was paid towards the pension deficit in addition to normal contributions of £1,340,000. Despite this payment, the deficit has increased from £24,485,000 to £28,897,000 mainly as a result of a change in the financial assumptions which increased the present value of scheme liabilities by £10,824,000 (see note 12g).

f. Amounts charged in the Statement of Comprehensive Net Expenditure		
Year ended	31 March 2015	31 March 2014
	£000	£000
Service cost	1,594	1,668
Net interest on the defined liability (asset)	1,048	1,208
Administration expenses	77	75
Total	2,719	2,951

g. Remeasurements and other comprehensive income			
Year ended	Note	31 March 2015 £000	31 March 2014 £000
Return on plan assets in excess of interest	12i	1,192	(457)
Other actuarial gains/(losses) on assets	12i	-	292
Changes in financial assumptions	12h	(10,824)	(3,582)
Changes in demographic assumptions	12h	-	(208)
Experience gain/(loss) on defined benefit obligation	12h	999	8,547
Pension fund actuarial (loss)/gain		(8,633)	4,592

Changes to the financial assumptions have increased the present value of scheme liabilities by £10,824,000 at 31 March 2015. The most significant change and principal reason for this increased liability is a change in the assumed discount rate from 4.4% (2013-14) to 3.4% (2014-15).

h. Reconciliation of defined benefit obligation - CLAE share		
Year ended	31 March 2015 £000	31 March 2014 £000
Opening defined benefit obligation	75,984	77,173
Current service cost	1,594	1,605
Interest cost	3,304	3,440
Change in financial assumptions	10,824	3,582
Change in demographic assumptions	-	208
Experience loss/(gain) on defined benefit obligation	(999)	(8,547)
Estimated benefits paid	(2,272)	(1,965)
Past service costs, including curtailments	-	63
Contributions by members	465	425
Closing defined benefit obligation	88,900	75,984

i. Reconciliation of fair value of employer assets - CLAE share

Year ended	31 March 2015	31 March 2014
	£000	£000
Opening fair value of employer assets	51,499	49,682
Interest on assets	2,256	2,232
Return on assets less interest	1,192	(457)
Other actuarial gains/(losses)	-	292
Administration expenses	(77)	(75)
Contributions by the employer	6,940	1,365
Contributions by members	465	425
Estimated benefits paid	(2,272)	(1,965)
Closing fair value of employer assets	60,003	51,499

j. Sensitivity analysis

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of defined benefit obligation	87,236	88,900	90,597
Projected service cost	1,922	1,969	2,017
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	89,102	88,900	88,699
Projected service cost	1,970	1,969	1,968
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	90,409	88,900	87,421
Projected service cost	2,016	1,969	1,923
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of defined benefit obligation	86,083	88,900	91,717
Projected service cost	1,910	1,969	2,028

The valuation of pension fund liabilities is based on a range of actuarial assumptions and may be highly sensitive to changes in these assumptions, in particular to changes in the discount rate, long term salary increases, pension increases and mortality assumptions. The table above illustrates the potential impact of small changes in these assumptions.

k. Projected pension expense for the year to 31 March 2016	
Projections for the year to 31 March 2016	Year to 31 March 2016
	£000
Service cost	1,969
Net interest on the defined liability	967
Administration expenses	90
Total	3,026
Employer contributions	913

The LPFA prepares its own scheme statements which are available to download from:

<https://www.lpfa.org.uk/What-we-publish.aspx>

Estimated employer's contributions for 2015-16 are £913,000 (2014-15: £1,814,000).

13 Financial Instruments and related risks

In accordance with Treasury guidance and IFRS7 the Commission's accounts must contain disclosures of financial instruments (financial assets and liabilities).

The Commission's principal financial instrument is cash to provide working capital for the organisation's operations.

Other financial instruments are receivables and payables arising from operations.

The main risks arising from the organisation's financial instruments are as follows:

Credit Risk

The Commission is exposed to credit risk arising from its Trade and Other Receivables, whereby there is a risk that counterparties will not settle outstanding amounts as they fall due. Of the total financial assets included within trade and other receivables, £93,586 is due from HMRC (2014: £34,530). A further amount of £34,994 is due from current employees of the Commission and is to be collected through regular payroll deductions (2014: £32,439). The credit risk arising from these balances is not considered to be significant.

Market Risk

The Commission's deposits are held at variable interest rates which give rise to the risk that returns may vary in line with market interest rates. The potential effect of a 1% change in interest rates is shown below. The nature of the Commission's deposit accounts does not expose it to fluctuations in capital values, with the exception of credit risk as described above.

	2015	2014
	£000	£000
Value of interest yielding deposits at 31 March	2,733	2,591
Income effect of a 1% increase in interest rates	27	26
Income effect of a 1% decrease in interest rates	(27)	(26)

Liquidity Risk

The Commission minimises its exposure to this type of risk through the use of cashflow forecasts to enable it to manage its resources and ensure adequate liquidity. It maintains its surplus funds in bank deposit accounts which provide for instant access. These deposits totalled £2,732,899 (2013-14: £2,591,093). As a result of these policies, the Commission does not feel that it is exposed to significant liquidity risk arising from its financial instruments.

13.1 Fair Value

Due to the nature of financial assets and liabilities held by the Commission, there is not considered to be any significant difference between the carrying amount and the fair value of any of the financial instruments held.

14 Operating Lease Commitments

14.1 Total future minimum lease payments under non-cancellable operating leases

	31 March 2015 £000	31 March 2014 £000
Buildings - amounts payable:		
Not later than one year	666	812
Later than one year and not later than five years	578	290
Later than five years	-	-
Total	1,244	1,102
Other - amounts payable:		
Not later than one year	5	14
Later than one year and not later than five years	9	23
Later than five years	-	-
Total	14	37

14.2 Description of significant lease arrangements

During 2014-15, the Commission occupied two premises under operating leases, situated in Coventry and York and an additional premises in London under a Memorandum of Terms of Occupation (MOTO). The lease for the York office expires in July 2015 and in March 2015 the Commission vacated this office and moved into Government (DEFRA) owned property under a MOTO. The MOTO for the York office has a break option in 2017.

The lease for the Coventry office expires in September 2015 with no break options.

The MOTO for the London office has a three month notice period.

15 Capital Commitments

The Commission was not contractually committed to any expenditure on non-current assets at 31 March 2015 (2013-2014: nil).

16 Related Party Transactions

The Commission for Local Administration is an independent body established under Part III of the Local Government Act 1974. The Commission is principally funded by way of Grant-in-Aid from DCLG and also receives funding (via the DCLG) from the DfE. DCLG is regarded as a related party, as is DfE. During the year, the Commission received

Grant-in-Aid from DCLG. Note 2.2 discloses the amounts. The Commission occupies premises in London where DCLG acts as the landlord. In 2014-15 rent of £280,775 was payable to DCLG. At 31 March 2015, £280,775 is outstanding to DCLG and is included in accruals (note 10).

In March 2015, the Commission's York office relocated to premises where DEFRA acts as landlord. DEFRA is regarded as a related party. There was no rent payable during 2014-15.

In May 2014 a joint convergence committee, chaired by Sir Jon Shortridge, who also chairs both organisations' Audit Committees was established. PHSO is regarded as a related party. There have been no financial transactions with PHSO in 2014-15.

No Minister, Commission Member, key manager or other related parties has undertaken any material transactions with the Commission during the year.

Under IAS 24, the Local Government Pension Scheme is defined as a related party to the Commission. For details of transactions with this body, refer to note 12.

17 Losses and Special Payments

During the year no significant losses or special payments were made (2013-14: £55,047).

18 Events Occurring since the Reporting Date

During 2014-15 the Executive Team comprised of two Executive Directors, and the Commission Operating Officer, who was also the Accounting Officer. In May 2015 the Executive Team was restructured and from 1 May the role of the Commission Operating Officer was made redundant. The Executive Team now comprises a Chief Executive, Michael King, who is also the Accounting Officer, plus an Executive Director of Investigations, Nigel Ellis.

The Accounting Officer authorised these Financial Statements for issue on the date certified by the Comptroller and Auditor General.

Annex A: Accounts Direction for the Commission for Local Administration in England

ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT WITH THE CONSENT OF THE TREASURY

1. The annual accounts and financial statements of the Commission for Local Administration in England (hereafter in this accounts direction referred to as "The Commission") shall give a true and fair view of the income and expenditure and cash flows for the financial year and the state of affairs at the year end. Subject to this requirement, the financial statements and accounts for 2014/15 and for subsequent years shall be prepared in accordance with:

- (a) the accounting and disclosure requirements given in the Government Financial Reporting Manual issued by the Treasury ("the FReM") as amended or augmented from time to time, and subject to Schedule 1 of this direction;
- (b) any other relevant guidance that the Treasury may issue from time to time;
- (c) any other specific disclosure requirements of the Secretary of State;

insofar as these requirements are appropriate to the Commission and are in force for the period for which the accounts are prepared, and except where agreed otherwise with the Secretary of State and the Treasury, in which case the exception shall be described in the notes to the accounts.

2. Schedule 1 to this direction gives clarification of the application of the accounting and disclosure requirements of the Companies Act and accounting standards and also gives any exceptions to standard HM Treasury requirements.

3. This direction shall be reproduced as an appendix to the accounts.

4. This direction replaces all previously issued directions.

Signed by authority of the Secretary of State

David Kuenssberg

Signed by an officer in the Department for Communities and Local Government

Date 3rd July 2014

SCHEDULE 1

The accounts for the period ended 31/03/2015 shall be signed and dated by the Accounting Officer.

ADDITIONAL DISCLOSURE REQUIREMENTS

The following information shall be disclosed in the Annual Accounts and Financial Statements, as a minimum, and in addition to the information required to be disclosed by paragraph 1 of this direction.

(a) an analysis of grants from:

- (i) government departments
- (ii) European Community funds
- (iii) other sources identified as to each source;

(b) an analysis the total amount of grant from the Department for Communities and Local Government, showing how the grant was used;

(c) an analysis of grants included as expenditure in the income and expenditure account and a statement of the total value of grant commitments not yet included in the income and expenditure account;

(d) details of employees, other than board members, showing:

- (i) the average number of persons employed during the year, including part-time employees, agency or temporary staff and those on secondment or loan to the Commission, but excluding those on secondment or loan to other organisations, analysed between appropriate categories (one of which is those whose costs of employment have been capitalised)
- (ii) the total value of loans to employees
- (iii) employee costs during the year showing separately:
 - (1) wages and salaries
 - (2) early retirement costs
 - (3) social security costs
 - (4) contributions to pension schemes
 - (5) payments for unfunded pensions
 - (6) other pension costs
 - (7) amounts recoverable for employees on secondment or loan to other organisations

The above analysis shall be given separately for the following categories of employees:

- (i) employed directly by the Commission;
- (ii) on secondment or loan to the Commission;
- (iii) agency or temporary staff;
- (iv) employee costs that have been capitalised.

(e) a statement of debts written off and movements in provisions for bad and doubtful debts;

(f) a statement of losses and special payments during the period, being transactions of a type which Parliament cannot be supposed to have contemplated. Disclosure shall be made of the total of losses and special payments if this exceeds £250,000, with separate disclosure and particulars of any individual amounts in excess of £300,000.

Disclosure shall also be made of any loss or special payment of £300,000 and below if it is considered material in the context of the Commission's operations.

*(g) particulars, as required by the accounting standard on related party disclosures, of material transactions during the period and outstanding balances at the year end (other than those arising from a contract of service or of employment with the Commission, between the Commission and a party that, at any time during the year, was a related party). For this purpose, notwithstanding anything in the accounting standards, the following assumptions shall be made:

- (i) transactions and balances of £5,000 and below are not material
- (ii) parties related to board members and key managers are as notified to the Commission by each individual board members or key manager
- (iii) the following are related parties:
 - (1) subsidiary and associate companies of the Commission;
 - (2) pensions funds for the benefit of employees of the Commission or its subsidiary companies (although there is no requirement to disclose details of contributions to such funds);
 - (3) board members and key managers of the Commission;
 - (4) members of the close family of board members and key managers;
 - (5) companies in which a board member or key manager is a director;
 - (6) partnerships and joint ventures in which a board member or key manager is a partner or venture;
 - (7) trusts, friendly societies and industrial and provident societies in which a board member or key manager is a trustee or committee member;
 - (8) companies, and subsidiaries of companies, in which a board member or key manager has a controlling interest;

- (9) settlements in which a board member or key manager is a settler or beneficiary;
- (10) companies, and subsidiaries of companies, in which a member of the close family of a board member or key manager has a controlling interest;
- (11) partnerships and joint ventures in which a member of the close family of a board member or key manager is a partner or venture;
- (12) settlements in which a member of the close family of a board member or key manager is a settler or beneficiary;
- (13) the Department for Communities and Local Government, as the sponsor Department for the Commission.

For the purposes of this sub-paragraph:

- (i) A key manager means a member of the Commission's Executive Team including the ex-officio and advisory members.
- (ii) The close family of an individual is the individual's spouse, the individual's relatives and their spouses, and relatives of the individual's spouse. For the purposes of this definition, "spouse" includes personal partners, and "relatives" means brothers, sisters, ancestors, lineal descendants and adopted children.
- (iii) A controlling shareholder of a company is an individual (or an individual acting jointly with other persons by agreement) who is entitled to exercise (or control the exercise of) 30% or more of the rights to vote at general meetings of the company, or who is able to control the appointment of directors who are then able to exercise a majority of votes at Commission meetings of the company.

* Note to paragraph (g) of Schedule 1: under the Data Protection Act 1998 individuals need to give their consent for some of the information in these sub-paragraphs to be disclosed. If consent is withheld, this should be stated next to the name of the individual.

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The Housing Ombudsman Annual Report and Financial Statements 2014-15

The Housing Ombudsman

Annual Report and Financial Statements 2014-15

Presented to Parliament pursuant to Article 6(2) (b) of the Government Resources and Accounts Act 2000
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Contents

	Page
Annual Report	1-7
Ombudsman's Report	1-2
Strategic Review	3-5
Remuneration Report	6-7
Governance Statement	8-12
Statement of Accounting Officer's Responsibilities	13
The Certificate and Report of the Comptroller and Auditor General	14-15
Statement of Comprehensive Income	16
Statement of Financial Position	17
Statement of Cash Flows	18
Statement of Changes in Taxpayers' Equity	19
Notes to the Financial Statements	20-33

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Annual Report

Ombudsman's Report

As the Housing Ombudsman I am pleased to present my report together with audited financial statements for the year ended 31 March 2015.

This has been a year of significant change for the organisation with the departure of the long-standing Ombudsman Mike Biles. Mike had a fantastic reputation in the housing sector and led the organisation successfully for many years. I hope he enjoys his retirement and we wish him well.

Principal Activities

As the Housing Ombudsman (THO) I administer the Housing Ombudsman Scheme. The purpose of the Scheme is to enable tenants and other individuals to have complaints about members investigated by a Housing Ombudsman.

The role of the Ombudsman is to:

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

Our service is independent, impartial and free to tenants. The Localism Act 2011 extended our jurisdiction from 2013 to local authorities as well as housing associations. 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 Localism Act 2011 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. Additionally a number of managing agents and private landlords are voluntary members.

The Housing Ombudsman's business objectives

We have four main business objectives which were developed in 2012/13 in close consultation with landlord members and partner organisations:

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

I hope that I can build upon these aims to ensure that the Housing Ombudsman continues to offer an excellent service in resolving disputes and develops further as a catalyst for change in the housing sector.

We now have 2,478 landlords and around five million properties in our jurisdiction. We are in a position to be an exemplar and a champion of good practice.

Since taking up my role on 11 March 2015 I have been reviewing our approach to dispute resolution and the organisation's system of governance, risk management and internal control.

My view is that our general approach to dispute resolution is extremely positive. The focus on local resolution has been very successful. The majority of complaints dealt with by the service are now resolved without our formal intervention. Where possible we facilitate local resolution. This ensures that disputes do not become entrenched, that issues are dealt with in real time and landlord and tenant relationships are preserved. It is equally important that if disputes cannot be resolved through early or local resolution, that we investigate them thoroughly and impartially. From 2015-16 we will be able to monitor customer feedback against our key performance indicators to assess the value of our service more effectively.

This year we saw a 28% increase in the volume of complaints and enquiries from the previous year, continuing the trend of increased volumes established over the past five years. This increase in volume is testament to our accessibility but it brings its own challenges. As an Ombudsman service we have high visibility amongst landlords and tenants and we need to continue to ensure that we reach all the customers requiring our services. We want to provide a quality service providing the right support to landlords and tenants. However we are an extremely lean organisation with a delegated full time equivalent headcount of 55 (and we are subject to headcount controls). The fact that we were able to facilitate the resolution of so many of these complaints locally helped the organisation cope with this increase in volumes without increasing staff or subscriptions. In fact our subscription rates have reduced from £1.47 per unit in 2012-13 to £1.02 in 2014-15 and £0.96 in 2015-16. Over the next year we will continue to review our processes and to consider how best to manage these volumes.

Annual Report

Our ambition is to help landlords to resolve complaints better themselves to reduce dependency on our service.

Our Sector Development work with landlords; to facilitate improvements in complaint handling processes and to use feedback from complaints to improve service delivery has been very well received. We provide good practice advice and guidance and tools and support to tenants, landlords and designated persons. Together with their understanding of local issues this supports them in resolving disputes effectively. We work through examples to show how a fair, accessible complaints process can help improve service delivery and has benefits for the business as whole. 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. 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 is more likely to treat its tenants fairly and to resolve complaints quickly and without escalation.

Those attending our member landlord engagement and peer learning events report an average 4.7 out of 5 score for value to landlords and tenants. Over time this should reduce the volume of complaints we deal with. The key will be to ensure effective programme and project management and to ensure that we target our resources effectively. We often work in partnership with others, such as Housemark or The Chartered Institute of Housing (CIH), in delivering these services to ensure the most efficient use of our resources. My aim is to ensure that we focus our resources where we can most add value. The lesson on behavioural economics is that a small organisation in a critical position can “nudge” very effectively.

This was all achieved at a time when the organisation was coping with a great deal of change, with the departure of Mike Biles and more recently, the prospect of reform of Public Services Ombudsmen.

In 2014-15 the service had a great deal of work to do to meet the standards required by the Department for Communities and Local Government (DCLG) for managing public money and Cabinet Office Spending Controls exemption applications. In order to maintain consistency during the period, the Deputy Ombudsman Helen Megarry was appointed the Interim Accounting Officer. Helen did a great deal to ensure compliance with central government controls and processes. This has been acknowledged by DCLG and the National Audit Office (NAO). I have made further changes including reviewing the governance arrangements, proposing new risk mapping arrangements and introducing new financial delegations and procurement processes.


In terms of the organisation’s system of governance, risk management and internal control my view is that adequate systems are operating within the organisation but further work is required to bring us up to the standards to which we aspire. We are also committed to being more open and transparent about our processes and procedures in all aspects of our work in order to provide real accountability to parliament and our customers.

In 2015-16 the biggest issue facing the service is the proposed reform of Public Services Ombudsmen. The Cabinet Office issued a Consultation document on 25 March 2015 and subsequently set out its intention in the Queen’s Speech to bring forward a draft Bill to the introduce a new single Public Services Ombudsman incorporating the Parliamentary and Health Services Ombudsman, the Local Government Ombudsman and possibly the Housing Ombudsman. Following discussions with stakeholders I responded to the consultation. The key for my service is to ensure that any future model would enable us to continue to engage effectively with the sector to resolve complaints locally wherever possible and to improve complaints handling and service delivery. Our view is that this requires the retention of a Housing Ombudsman and specialist staff, though, this could be a separate function within a combined Ombudsman service.

The Annual Report and Accounts also discloses information for the areas set out below:

- Information on senior managers’ remuneration can be found on page 7;
- Information on pension liabilities can be found in note 11 on page 28;
- Information on the related parties disclosure can be found in note 14 on page 33;
- Information on the auditors can be found on page 4 and 5;
- Information on staff numbers can be found on page 4;
- Information on financial instruments can be found in note 13 on page 32.

There were no incidents in the year relating to personal data.



Denise Fowler
Accounting Officer and Ombudsman

6 July 2015

Annual Report

Strategic Review

At 31 March 2015, 2,478 landlords (2,473 in 2014) were in membership, representing 4,759,125 (4,560,577 in 2014) housing units, an increase of 4% which is mainly due to receiving certified returns from Local Authorities for the first time in year and new build mainly within Housing Associations. 2,049 members were Housing Associations (Registered Providers) representing 2,910,647 housing units. There are 1,813,108 units relating to 349 Local Housing Authorities (including leaseholds). A further 80 were private, for-profit landlords or managing agents representing 35,370 housing units, who had joined voluntarily. THO actively encourages membership of the Scheme to landlords and managing agents in the private, for-profit, rented sector who are not under a statutory obligation to join.

During the year the Service responded to 9,600 enquiries and 6,737 complaints, the total of which is 16,337 (total complaints and enquiries for 2014: 12,782). We also reached local resolution in 441 cases and formally resolved 138 cases following intervention in accordance with the Scheme. The total number of cases resolved or determined was 579 (2014: 520). In year there was an increase in volume of new demand of 28% over the previous year. The number of cases entering our formal remit, having completed the landlord's internal complaints process, was 1,130 in year (increased from 860 in the previous year).

Review of Performance

THO supports working with stakeholders to shape and improve the Service and to share learning with the sector to contribute to improved provider service delivery and good practice.

Supporting effective local resolution

During 14/15 work continued to support all parties using our dispute resolution principles (the Principles) as a way of helping tenants and landlords to resolve disputes effectively at a local level, enabling them rather than creating a dependency on others. The aim is that over time this will result in less escalation of inappropriate or avoidable complaints to the Ombudsman, thus freeing up resources to further support access to the service by vulnerable complainants.

The Principles form the basis of much of our day to day work with landlords and tenants when considering individual complaints. Our approach to local resolution in individual cases involves, in the main, supporting the parties in their communication and either helping them to identify solutions, or to agree them with our support. We also use the Principles to give information and advice to tenants on; how to make their complaints more effectively, and understanding what it is reasonable to expect. During the course of the year we have taken action to improve our reporting on the intervention that we carry out and the outcomes that we help to achieve. This will help us to understand and report on the activity that we carry out, and to identify where our activity achieves the best outcomes in terms of positive outcomes for tenants.

The Dispute Resolution Team have been piloting a new approach to stakeholder management with some of our larger member landlords. We held a series of meetings throughout the year with landlords throughout the country to build better understanding and more productive relationships. This proactive engagement has generally been well received and in some cases has led directly to more effective relationships between ourselves and landlords. In our engagement with both LHA and HA landlords we are seeing high levels of commitment to improving dispute resolution, rather than focussing on processing complaints. Many of the landlords that we meet are very receptive to our approach based on the Principles and are themselves engaging in an outcome based approach.

Following the success of the Dispute Resolution Principles – e-learning for landlords in 14/15 (208 individuals, 51 organisations) we launched a free e-learning resource for tenants. Work will continue in 15/16 to increase awareness of the availability of this self-help resource.

By invitation, THO participated in a number of tenant empowerment events run by the Tenant Participation Advisory Service (TPAS) across England and spoke at the Housing Quality Network's (HQN) residents' network annual conference.

Eight Dispute Resolution Principles (DRP) engagement and peer learning events took place across England. At these 69 member landlords, mixed HA and LHA audiences (59% HA, 41% LHA), 139 individuals considered the Principles and shared best practice around dispute resolution and complaint handling. Attendee landlords reported the value of those events as 4.7 out of 5.

Mindful of budgetary pressures, THO also piloted the use of virtual action learning sets, connecting landlords using IT to problem solve together. 12 member landlords took part (64 landlords expressed an interest in participating) and 86% of participants recommended the approach.

We provided training to member landlords on the use of the Principles in action through a pilot 'Mind-set and Behaviour Change Programme' run in Q4 14/15 reaching 214 landlord representatives. Feedback was that 91% of participants would use what they learnt and 89% would recommend the courses to others.

Development of a 'customer segmentation' approach to better understand dispute resolution performance in the sector and to target resources effectively to support local resolution continues. This is now supported by the establishment of a performance team who report directly to me.

Annual Report

Work continues to give back data to landlords to provide insight on their complaints and dispute resolution performance, with 50 member landlords participating in a regular data reporting pilot.

At mid-year, very early analysis of data suggests that there is a correlation between completing training and development activities and effective early resolution between tenant and landlords – on average approx. 9% improvement in case closure at early stages of the complaint process. In 15/16 further analysis will be undertaken to track improvement in landlord dispute resolution and complaint handling practices. We will carry out more work to ensure tenants and landlords within jurisdiction are aware and able to access the free local resolution support available to them.

Customer feedback

During the year we introduced a systematic process for measuring customer feedback on our dispute resolution performance. We approach a sample of customers, both tenant and landlord shortly after a case is closed (at any stage of our workflow) and ask for feedback on our customer service (how did we treat you?), the impact that our service had for them (did we help?) and any other feedback that they wish to give. We now sample 160 customers a month (approximately 17% of cases closed). The feedback is used directly for developing key performance indicators and operational measures. We are using the data at all levels of the organisation to identify action plans to improve performance, directly linked to the customer feedback.

Review of financial performance

The deficit for the year after taxation was £591,407 (2014: surplus of £774,348). After including the net pension deficit, the total assets less liabilities carried forward a total of £1,525,268 (2014: £2,116,675). Changes in pension fund liabilities are liable to fluctuation year-on-year, dependent on economic circumstances and investment performance.

In accordance with para.13 of the Scheme approved by the Secretary of State, the Ombudsman sets the level of subscriptions by reference to budgeted cash requirements, including a prudent provision for relevant contingencies. This includes the need to meet pension contribution liabilities now and in the future and to support expenditure in accordance with the business plan. At 31 March 2015, the net current assets of THO amounted to £3,378,482 (2014: £2,859,092). This takes account of cash and investments and debtors less amounts falling due for payment within one year.

In the event that the sponsor department (DCLG) introduced legislation which effectively caused THO to be wound up, or if the Scheme's approval were to be withdrawn and another body approved under the Housing Act 1996, the sponsor department would be obliged to put in place arrangements to ensure THO's orderly winding up. In particular, it would ensure that the assets and liabilities of THO were formally transferred to any successor organisation and accounted for in accordance with Managing Public Money requirements. In the event of there being no successor organisation, the assets and liabilities would be transferred to the sponsor Department, as detailed in the Framework Document agreed by DCLG and the Ombudsman. The triennial actuarial pension fund valuation was last undertaken as at 31 March 2013, which represents the position of the fund at 31 March 2013. The actuaries have produced a IAS19 Report for the benefit of THO as at 31 March 2015 and those assumptions and figures are reflected in these financial statements.

Auditor Remuneration

The audit fee for 2014-15 is £29,000 (2013-14 £30,500). No remuneration was paid to the auditors in regard to non-audit work.

Staff Numbers and absence

THO had five employees classified as senior managers during 2014-15, as detailed in the Remuneration Report. THO had a total of 48 employees as at 31 March 2015, of which 31 were female and 17 male.

During the year employee sickness levels were recorded as 1% in respect of short-term sickness and 0% in respect of long-term absence

People & Organisational Development

Employee engagement levels at THO are high, with the latest Employee Engagement survey launched in Feb 2015 and closed in March 2015 reporting a 91% response rate and 69% level of engagement.

Annual Report

Sustainability reporting

THO is exempt from sustainability reporting requirements as it does not meet the *de minimis* thresholds regarding size and employee numbers.

Political Donations or Expenditure

No charitable or political donations were made in the financial year.

Website

The maintenance and integrity of THO's website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Auditor

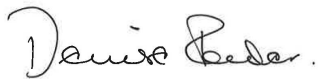
The C&AG is responsible for the Corporation Sole's annual audit in the financial year 2014-15.

As far as the Accounting Officer is aware:

- there is no relevant audit information of which THO's auditor is unaware; and
- The Accounting Officer has taken all steps that she ought to make herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Since the end of the reporting period: Further to on-going re-structure of the senior leadership team the role of Head of Corporate Services will be redundant and recruitment will commence to an enhanced role of Director of Finance & Performance. The business case for the redundancy was approved by the DCLG.

As detailed in note 1(a) of the Financial Statements I am of the opinion that THO should adopt a going concern status as at 31 March 2015.



Denise Fowler
Accounting Officer and Ombudsman

6 July 2015

Annual Report

Remuneration Report

THO does not have a remuneration committee. Remuneration is linked to the salary scales of THO and to contractual entitlement and is reviewed independently as appropriate. There are no performance conditions related to remuneration. Senior Managers are employees of THO and have an annual appraisal and any pay progression is based on merit. The Ombudsman is a public appointment and her terms and conditions are set by the Secretary of State.

All senior managers are permanent employees with three-month notice periods. The Ombudsman's notice period is also three months. The previous Ombudsman gave such notice to the Secretary of State by a letter dated 4 August 2014 which had the effect of terminating his appointment on 3 November 2014. The Interim Ombudsman was appointed for the period 4 November 2014 to 10 March 2015 as a public appointment by DCLG on behalf of the Secretary of State. No significant awards were made to any senior manager or committee member. In particular, no allowances, bonuses, or compensation were paid to senior management in year. No element of remuneration is non-cash. Information in regard to salary and fees paid to each senior manager and committee member is detailed in tabular form on page 7.

Pension benefits are also detailed in the table on page 7. There were no contributions to a money purchase scheme. No compensation was paid to any former senior manager, committee member or the Ombudsman.

Annual Report

Table (subject to audit)

	Single total figure of remuneration					Pension entitlement details				
	Notes	Salary and fees	Pension benefits	Totals 2015	Totals 2014	Accrued benefits during the year & related lump sum	Accrued benefits at end of year & related lump sum	Cash Equivalent Transfer Value (CETV) at start of year	CETV at end of year	Real increase in CETV
		In bands of £5,000	In bands of £1,000	In bands of £5,000	In bands of £5,000	In bands of £2,500	In bands of £5,000	In bands of £1,000	In bands of £1,000	In bands of £1,000
Senior Managers										
Denise Fowler (Ombudsman)	1	5,000 – 9,999	-	5,000 – 9,999	-	-	-	-	-	-
Dr Mike Biles (Ombudsman)	2	75,000 – 79,999	16,000 – 16,999	90,000 – 94,999	140,000 – 144,999	0 – 2,499 (0- 2,499)	65,000 – 69,999 150,000 - 154,999	1,389,000- 1,389,999	1,395,000- 1,395,999	(19,000 – 19,999)
Helen Megarry (Deputy Ombudsman)	3	90,000 – 94,999	23,000 – 23,999	110,000 – 114,999	110,000 – 114,999	0 – 2,499 (0-2,499)	20,000 – 24,999 30,000 – 34,999	276,000 – 276,999	304,000 – 304,999	14,000 – 14,999
Martin Colwell (Head of Corporate Services)		75,000 – 79,999	21,000 – 21,999	95,000 – 99,999	90,000 – 94,999	0 – 2,499 (0-2,499)	10,000 – 14,999 0 – 4,999	118,000 – 118,999	141,000 – 141,999	15,000 – 15,999
Paul Neville (Organisation and Sector Development Lead)		70,000 – 74,999	43,000 – 43,999	110,000 – 114,999	75,000 – 79,999	2,500 – 4,999 0-2,499	10,000 – 14,999 5,000 – 9,999	86,000 – 86,999	114,000 – 114,999	19,000 – 19,999
Band of highest paid individual's remuneration (£)			2015 115,000 – 119,999	2014 130,000 -134,999						
Median remuneration of staff (£)			40,884	40,884						
Ratio between median remuneration and mid-point of banded remuneration of highest paid individual			2.9:1	3.2:1						

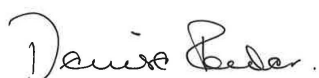
Notes

- Denise Fowler began her appointment on 11 March 2015. The full time equivalent is in the range £115,000 – £119,999. No pension figures are disclosed because the provider is unable to perform a calculation as Denise has been a member of the pension scheme for less than 3 months.
- Dr Mike Biles resigned with effect from 3 November 2014. The full time equivalent was in the range £130,000 – £134,999.
- Helen Megarry was Interim Ombudsman between 4 November 2014 and 10 March 2015, during this time the full time equivalent was in the range £100,000 - £104,999. The full time equivalent for her substantive role as Deputy Ombudsman is in the range £85,000 – £89,999.

The members' of the Audit and Risk Assurance Committed referred to on page 11 are not senior managers of THO in the current or prior year.

There were no payments to former senior managers.

There were no payments in respect of allowances, bonuses, compensation and non-cash benefits during the year.



Denise Fowler
Accounting Officer and Ombudsman

6 July 2015

Governance Statement

The Accounting Officer of THO is responsible for the management and control of the resources used in the organisation. Dr Mike Biles was appointed as Accounting Officer of THO with retrospective effect from 1 April 2013 by the Permanent Secretary of DCLG. Following Dr Biles retirement on 3 November 2014, Helen Megarry was appointed Ombudsman (Interim) and Accounting Officer with effect from 4 November 2014 until 10 March 2015. I was appointed as Accounting Officer and Ombudsman as from 11 March 2015. Assurance was provided to me by Helen Megarry in her Governance Statement that she signed on 28 November 2014 in regard to the 2013-14 Annual Report and Accounts and post year end events to the date of her signing. Helen remains as Deputy Ombudsman and has worked with me in the preparation of this Governance Statement, providing me with assurance up to 10 March 2015 in her role as Accounting Officer in regard to her complying with her responsibilities under Managing Public Money. Helen has confirmed that she is happy with the content of this Statement and that she does not feel that anything else needs to be included.

Scope of responsibility

My responsibilities as Accounting Officer are set out in 'Managing Public Money' (Chapter 3) and THO's Framework Agreement with its sponsor, the Department for Communities & Local Government. My accountability for use of public funds is subject to the authority of the Permanent Secretary of DCLG who is Accounting Officer for that Department.

As Accounting Officer I am personally responsible for safeguarding the funds of the Housing Ombudsman and for ensuring regularity and propriety in the handling of those funds. I am required to ensure that the organisation is run on the basis of the requirements, in terms of governance, decision-making and financial management, set out in Managing Public Money. I must be able to assure Parliament and the public of high standards of probity in the management of public funds.

This Governance Statement relies on contributions from the Audit and Risk Assurance Committee and colleagues, which include:

- A review of our processes, performance and policies, such as our fraud and whistle-blowing policy, informed by the views of the Audit and Risk Assurance Committee with regard to the quality of assurance;
- Insight into the organisation's performance from both internal and external audit, including an internal audit opinion from the Head of Internal Audit on the quality of the systems relating to governance, risk management, and internal control; and
- Input from colleagues and from key stakeholders about our outcomes-focused performance, our use of resources, the value we add and provision of value for money, our responses to risks, our budget management, and how we meet our outcomes-focused objectives.

This Governance Statement is presented by me as part of the Annual Accounts.

Governance framework

The Housing Act 1996 provides (Sch. 2, para.10) that a Scheme approved by the Secretary of State may be administered either by a "body corporate" or by a "corporation sole". Until 31 March 2013, the Scheme was administered by the former; the Independent Housing Ombudsman Limited (IHO Limited). With effect from 1 April 2013, the Scheme has been administered by the latter; The Housing Ombudsman (THO). This change was effected by Statutory Instrument 2013 No.722 (C.33) by order of the Secretary of State for Communities & Local Government. Accordingly, on 1 April 2013, the transfer and assumption of assets and liabilities of the IHO Limited was made to THO.

THO operates in accordance with the Scheme which was approved by the Secretary of State (currently the Department for Communities for Local Government (DCLG)) under the terms of the Housing Act 1996. The latest Scheme takes into account changes to the Ombudsman's jurisdiction made by the Localism Act 2011. The Scheme applies to social landlords registered, regulated or operating in England (including all local housing authorities) as well as to other landlords and managing agents who join voluntarily. THO receives its funding via annual per housing unit subscriptions from these organisations.

A Corporation Sole is a distinct legal entity with legal capacity. As a corporate body it can make legally binding contracts, employ staff, and enter leases. It is typically created to allow the corporate entity to pass without interval in time from one office holder (in THO's case, the Ombudsman) to the next successor-in-office, giving the positions legal continuity with subsequent office-holders having identical powers to their predecessors. Corporations sole do not have a board of directors; that role and function and all property, rights, assets, and liabilities are vested in the person who is the corporation sole who, in the case of THO, is the Ombudsman as statutory office- holder.

Governance Statement

From April to October 2014 the Senior Leadership team consisted of the Ombudsman, the Deputy Ombudsman, Head of Corporate Services and Director of Organisation and Sector Development. Management team meetings were scheduled to take place monthly and considered progress against both strategic and operational objectives. From November 2014 to March 2015 the Deputy Ombudsman was appointed as interim Ombudsman and formed an interim leadership team, also supported by the Performance Improvement Manager, a Dispute Resolution Manager and the Communications Lead. This team met at least monthly and activity was focused on development of the business plan, assurance, and KPIs for 2015/16. From 11 March when I was appointed I instituted weekly Senior Leadership team meetings and monthly Management team meetings. The Senior Leadership team consists of the Ombudsman, the Deputy Ombudsman, the Head of Corporate Services and the Director Of Organisation Development and Sector Development. The Management team includes all senior line managers within the organisation. This ensures that all managers within the organisation have input into key decisions and can cascade information throughout the organisation. The Communications Manager and the Performance Manager also attend Senior Leadership team meetings when necessary.

THO has an on-going working relationship with DCLG to set appropriate levels of additional reporting and governance structures which are consistent with its obligations in terms of appropriate accountability to DCLG under the current Framework Document, and the importance of protecting the independence of the Ombudsman. As Accounting Officer, the Ombudsman reports to DCLG in accordance with the Framework Document. 'Accounting Officer meetings' are held at least quarterly with senior DCLG officials, with agendas that include financial management, risk, compliance with the Framework Document, and corporate and business planning. As the quasi-judicial statutory appointee, the Ombudsman reports to DCLG in accordance with the statute, the Scheme, and her Terms of Appointment.

The Framework Document provides that the Secretary of State must approve THO's business plan, budget, and subscription rate. For 2014/15, this approval was given in August 2014, reflecting a number of issues that had to be resolved between THO and DCLG. For 2015/16, approval was given in February 2015, reflecting a significant improvement in governance and business planning.

Key Performance Indicators

The Organisation's performance during the year has been consistently high. We have had to deal with a 28% increase in the volumes of complaints and enquiries from the previous year, continuing the trend of increased volumes established over the past five years. During the latter part of 2013/14 we introduced a new outcome focused performance management framework. Implementation in all parts of the organisation took place throughout 2014/15. This framework enables us to set targets and measure performance using the same data. It integrates customer feedback (both landlord and tenant) into our measurement of performance and impact on the sector. For 2014/15 we agreed KPIs with the DCLG, these were discussed at Accounting Officer meetings at the DCLG and management meetings throughout the year. We simultaneously developed our data and our use of the framework to produce a new set of KPIs, which triangulate performance metrics with customer feedback to agree with the DCLG for 2015/16. We continue to develop our reporting and a more comprehensive set of KPIs and will monitor performance against a range of KPIs at monthly management team meetings.

Compliance and Spend Control Activity

THO's assurance framework is developing to ensure on-going compliance with relevant guidance, including that issued by Cabinet Office and DCLG in relation to spend controls. Following issues identified by THO management, DCLG, and the NAO in 2013/14, THO worked closely with DCLG to fully understand their requirements for compliance with these controls, and carried out a comprehensive review of spend against the Cabinet Office spend controls in October and November of 2014, and where appropriate, retrospective approvals were sought and received. Training on application of spend controls was delivered by DCLG in January 2015 which was attended by the Accounting Officer and all managers with authority to spend.

The NAO has not identified issues of non-compliance in 2014-15.

Since my arrival on 11 March 2015 THO control procedures have been reviewed and further changes are being planned and implemented. For example a new scheme of delegations and new financial and procurement regulations are being introduced including references to the controls.

Panel of Advisers

THO has yet to establish a Panel of Advisers, but the Housing Ombudsman Scheme provides that the Ombudsman may from time to time decide, following consultation with such persons as she considers necessary, to appoint such a Panel. The Panel, once appointed, will assist the Ombudsman in such matters as are considered relevant and as set out in its terms of reference in the Framework Document. As the internal auditors have noted in the past the Panel is not a formal part of governance. The rationale and intention behind it is to give the Ombudsman the discretion to appoint the appropriate advisors to advise and support according to the situation.

Governance Statement

Risk Management

The strategic risk register was refreshed during the year. This provided adequate assurance but, in my view and that of the Audit and Risk Assurance Committee and GIAA, needed to be adapted to more clearly identify strategic risks and accountabilities. I have now proposed a new approach to the Audit and Risk Assurance Committee, one that DCLG support.

Current key risks are:

- We may be unable to manage casework volume in the face of increasing demand and restrictions on resource and headcount. The volume is increasing on average by between 25 to 30% year on year. This is mitigated by; our learning and sector development work to reduce dependency on our service, on-going revision of dispute resolution processes, performance management and training to staff to enable ongoing improvements in efficiency. Whilst headcount numbers are restricted we also seek opportunities to outsource some activity to cope with volumes.
- That the Cabinet Office review into public sector ombudsman in England may make proposals which do not meet the needs of social tenants and landlords. This is being mitigated by ongoing engagement with Government, landlords, tenants and other Ombudsmen including developing collaborative working with PHSO and LGO out with any legislative change.
- That governance and assurance frameworks require further improvement. This is being mitigated by the introduction of new systems of governance and control. The introduction of the new post of Director of Finance and Performance will play a key role in developing and enforcing these controls.
- That we may have difficulty finding alternative accommodation when the lease at 81 Aldwych expires in August 2016. THO is working with DCLG to mitigate this.
- Changes in policy direction in regard to housing and public sector reform in the light of shifting social and economic pressures. This is mitigated by our ongoing stakeholder strategy, our ongoing dialogue with our sponsoring department and our engagement with the sector.

The Audit & Risk Assurance Committee

THO has refreshed its appointments to its Audit and Risk Assurance Committee. It has an independent Chair and three other members. The Committee meets at least four times a year. The Committee meetings are attended by representatives of internal and external audit, and senior DCLG and THO officials. The Audit and Risk Assurance Committee receives an Annual Report from the internal auditors on the effectiveness of internal controls

In accordance with its terms of reference, and as set out in the Framework Document, the Audit and Risk Assurance Committee advises the Ombudsman, as Accounting Officer on:

- Policies and procedures for risk, control and governance and the wording of the Governance Statement;
- Accounting policies and the Annual Report and Accounts of THO, including the process for review of the accounts prior to submission for audit, levels of error identified, and the Accounting Officer's letter of representation to the external auditors;
- Planned activity and findings of both internal and external audit;
- Adequacy of management responses to issues identified by audit activity, including external audit's management letter;
- Assurances relating to the 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; and
- Counter-fraud policies, whistle-blowing processes, and arrangements for special investigations.

The Audit and Risk Assurance Committee has oversight concerning risk management and advises the Ombudsman of any concerns or suggestions in this regard. The Committee receive a quarterly assessment of key risks, alternating between strategic and operational. I am in the process of introducing a new approach to risk management with the support of the Committee.

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

Governance Statement

So that the Committee is effective in discharging its responsibilities it:

- allowed sufficient time for it to discharge its collective responsibilities effectively;
- ensured timely provision of information in a form and of a quality that enabled the Committee to discharge its duties effectively;
- benefited from a dedicated support function with appropriate skills and experience.

The attendance record of individual members for the year ended 31 March 2015 is detailed below and covers the 4 meetings of the Audit and Risk Assurance Committee.

Name of Member

Frank Chersky	1
Maxine Frerk (Chair)	1
Andrew Greenhill	1

The above members resigned on 30 September 2014.

Sue Harvey (Chair)	3
Julie Parker	3
Simon Sweetinburgh	3
Nicola Wood	3

The above members were appointed on 1 October 2014.

The Audit and Risk Assurance Committee supports me as Accounting Officer in the discharge of my obligations that are set out in Managing Public Money for the proper conduct of business and maintenance of ethical standards and is fully effective in its performance and in adding value.

I have reviewed the evidence provided to me by external and internal audit, and other reviews. I am satisfied that THO has maintained a sound system of internal control and governance.

Annual Report & Accounts

THO's statutory accounts for 2013/14 were not signed off by the NAO until December 2014. In addition the NAO identified areas for significant improvement, which were addressed in 2014-15. These improvements have largely been achieved.

Internal Audit (Government Internal Audit Agency opinion)

The internal audit function has been undertaken by the Government Internal Audit Agency (GIAA) on our behalf. As at the date of the Audit and Risk Assurance Committee meeting on 2 June 2015, the Head of Internal Audit provided a moderate level of assurance with regard to internal controls and risk management. GIAA undertakes reviews of the internal controls we have in place. The Audit and Risk Assurance Committee seeks assurance not only from the Senior Leadership Team but also from the auditors on a regular basis. It also provides assurance to the Ombudsman as Accounting Officer. The Head of Internal Audit's summary opinion in his report to THO's ARAC on 2 June 2015 was as follows:

In my opinion, some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control

It has been a challenging year for The Housing Ombudsman with the additional work needed to meet the standards required by DCLG for managing public money, Cabinet Office Spending Controls exemption applications, as well as the departure of the long standing Ombudsman. In order to maintain consistency during the period, the Deputy Ombudsman was appointed the Interim Accounting Officer and drove forward progress towards compliance with central government controls and processes. This has been acknowledged by DCLG and the NAO. The new Ombudsman and Accounting Officer took up post on 11th March 2015. Since her arrival, she has made a number of changes including reviewing the governance arrangements, and introducing new financial delegations and procurement processes (which we will examine as part of our 2015/16 audit programme).

Governance Statement

Our audit work broadly found that a satisfactory system of governance, risk management and internal control is operating within the organisation. However, with that said, a number of weaknesses have been identified that may be a symptom of a lack of focus on the basic processes and resource shortages (THO is a lean organisation).

The strategic risk register has been refreshed during the year, but it is the opinion of the ARAC and GIAA that the risks need some work to more clearly identify what the actual risks to the organisation are and how management is addressing those. At an operational level, the risk registers are of a suitable standard but there appears to be no visible link between them and the strategic register.

A key issue we reported on during the year was the non-compliance with Cabinet Office spending controls in 2013/14, which was originally detected by the National Audit Office as part of their year-end audit in 2013/14 (and which was referenced in the 2013/14 THO Governance Statement). Our review of the Cabinet Office Spending Controls was assigned a Limited assurance opinion as a result of control weaknesses in the 2013/14 year. THO has worked with DCLG to fully understand their requirements for compliance with these controls, and our review found no further exceptions in 2014/15.

This assessment reflects the situation within THO overall last year but significant work was done in the latter part of 2014-15 to improve the organisation's approach to dealing with the controls. A significant amount of work was undertaken by THO staff in regard to member landlord unit number verification in conjunction with the NAO, to establish a basis for similar exercises in the future. The NAO has not identified any issues of non-compliance for 2014-15. Since my arrival on 11 March 2015 I have been working with the team to tighten up our systems and working with me to ensure that these continue to develop and are enforced will be a key task for our new Director of Finance and Corporate Performance. Our business continuity plan and processes were severely tested in early April 2015 when our internet access capabilities were initially put out of action by the Holborn fire that shut down most of the area around Aldwych and many organisations in the area. Thanks to the robustness of our back up systems we were able to resume our service within a day and get back to close to normal service levels within a week. I take comfort that our business continuity processes and THO staff were able to achieve what they did in difficult circumstances.

There were no incidents in year relating to personal data.

In conclusion, THO continues to perform its core functions of dispute resolution and enabling others to resolve disputes, particularly in relation to facilitating local resolution, well. It is also making strong progress in developing its internal governance and assurance systems.

Compliance with the Corporate Governance Code

The detailed provisions of the Corporate Governance Code (the Code) published by HM Treasury and the Cabinet Office relate to Ministerial departments. However, this statement details THO compliance as far as appropriate with the principles set out in the Code. I am satisfied that it gives a fair picture of THO's governance in 2014-15.



Denise Fowler
Accounting Officer and Ombudsman

6 July 2015

Statement of Accounting Officer's Responsibilities

The Secretary of State for the Department for Communities and Local Government (DCLG) has directed the Accounting Officer to prepare for each financial year a statement of accounts. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of THO and of its surplus or deficit, financial position, changes in taxpayers' equity and cash flows for the financial year.

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

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

DCLG's Principal Accounting Officer appointed Denise Fowler, the current Ombudsman, as Accounting Officer for THO with effect from 11 March 2015. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding THO's assets, are set out in the Accounting Officer's memorandum issued by the Treasury and published in Managing Public Money.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of The Housing Ombudsman for the year ended 31 March 2015 under the Housing Ombudsman Service Scheme as approved by the Secretary of State under Schedule 2 to the Housing Act 1996. The financial statements comprise the Statements of: Comprehensive Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Ombudsman and Auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Ombudsman is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Housing Ombudsman Service Scheme as approved by the Secretary of State under Schedule 2 to the Housing Act 1996. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to The Housing Ombudsman's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by The Housing Ombudsman; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of The Housing Ombudsman's affairs as at 31 March 2015 and of the net surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with Framework Agreement between the Department for Communities and Local Government and The Housing Ombudsman, and the Government Financial Reporting Manual.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual; and
- the information given in the Ombudsman's Report and Strategic Review for the financial year for which the financial statements are prepared is consistent with the financial statements.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

6 July 2015

Statement of Comprehensive Income for the year ended 31 March 2015

	Notes	2015 £	2014 £
Revenue			
Subscriptions	1b	4,844,285	4,195,690
Other operating income	2a	190	8,647
		<u>4,844,475</u>	<u>4,204,337</u>
Expenditure			
Administrative expenses	2c	(1,507,530)	(1,457,437)
Staff costs	2b	(2,935,454)	(2,779,462)
		<u>401,491</u>	<u>(32,562)</u>
Interest receivable/(payable)	3	<u>(23,123)</u>	<u>(73,863)</u>
Surplus/(Deficit) before taxation		378,368	(106,425)
Taxation	5	<u>(4,775)</u>	<u>(3,227)</u>
Surplus/(Deficit) after taxation		373,593	(109,652)
Other comprehensive income			
Net actuarial gain/(loss) on pension fund	11	<u>(965,000)</u>	<u>884,000</u>
Total Comprehensive Income		<u>(591,407)</u>	<u>774,348</u>


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

The notes on pages 20 to 33 form part of these financial statements.

Statement of Financial Position as at 31 March 2015

	Notes	2015 £	2014 £
Non-current assets			
Property, plant and equipment	7	188,996	285,881
Intangible assets	6	145,790	207,396
Trade Receivables	8b	-	140,446
		<u>334,786</u>	<u>633,723</u>
Current assets			
Trade receivables and other current assets	8a	4,360,630	4,945,194
Cash and cash equivalents	9	4,140,200	1,056,965
Investments	9	-	2,000,000
		<u>8,500,830</u>	<u>8,002,159</u>
Total current assets			
Current liabilities			
Trade payables and other current liabilities	10a	5,117,591	5,139,837
Current tax liabilities		4,757	3,230
		<u>5,122,348</u>	<u>5,143,067</u>
Total current liabilities			
Total assets less current liabilities			
		<u>3,713,268</u>	<u>3,492,815</u>
Non-current liabilities			
Net pension liability	11	2,188,000	1,234,000
Trade payables	10b	-	142,140
		<u>2,188,000</u>	<u>1,376,140</u>
Total non-current liabilities			
Assets less liabilities			
		<u>1,525,268</u>	<u>2,116,675</u>
Reserves			
General fund reserve		988,494	1,579,901
Pension fund reserve		536,774	536,774
		<u>1,525,268</u>	<u>2,116,675</u>
Accumulated reserves			

The notes on pages 20 to 33 form part of these financial statements.



Denise Fowler
Accounting Officer and Ombudsman

6 July 2015

Statement of Cash Flows for the year ended 31 March 2015

	Notes	2015 £	2014 £
Cash flows from operating activities			
Surplus/(Deficit) from operations		401,491	(32,562)
Depreciation and amortisation charges	6,7	182,492	184,718
Loss on sale property, plant and equipment		-	-
Pension scheme service and admin costs		324,000	344,000
Pension scheme contributions	11	(382,000)	(472,000)
(Increase)/Decrease in receivables	8	725,010	(2,282,643)
Increase/(Decrease) in payables	10	(164,386)	662,499
Cash generated from operations		1,086,607	(1,595,988)
Corporation tax paid		(3,248)	(18,665)
Net cash inflow/(outflow) from operating activities		1,083,359	(1,614,653)
Cash flows from investing activities			
Purchase of property, plant and equipment	6,7	(24,000)	(142,180)
Bank and other interest received	3	23,876	16,137
Investments	9	2,000,000	(2,000,000)
Net cash inflow/(outflow) from investing activities		1,999,876	(2,126,043)
Cash flows from financing activities			
Grant in aid received from DCLG		-	630,000
Net cash inflow/(outflow) from financing activities		-	630,000
Net increase/(decrease) in cash and cash equivalents in the period		3,083,235	(3,110,696)
Cash at end of period	9	4,140,200	1,056,965
Reconciliation of net cash flow to movement in net funds			
For the year ended 31 March 2015			
		2015 £	2014 £
Net increase/(decrease) in cash and cash equivalents in the period		3,083,235	(3,110,696)
Cash and cash equivalents at the beginning of the period		1,056,965	4,167,661
Cash and cash equivalents at the end of the period	9	4,140,200	1,056,965

The notes on pages 20 to 33 form part of these statements.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2015

	Notes	General Fund £	Pension Fund £	Total £
Balance as at 1 April 2013		210,082	502,245	712,327
Total comprehensive income		774,348	-	774,348
Grant in aid received from DCLG		630,000	-	630,000
Transfer to pension fund reserve		(34,529)	34,529	-
Balance as at 31 March 2014		1,579,901	536,774	2,116,675
Total comprehensive income		(591,407)	-	(591,407)
Transfer to pension fund reserve		-	-	-
Balance as at 31 March 2015		988,494	536,774	1,525,268

This equity has accumulated since the inception of the statutory ombudsman service in 1997 and derives from the subscription contributions of member landlords.

In 2009 IHOLimited created a dedicated reserve in regard to its pension fund liabilities by transferring funds from its general fund in relation to its pension deficit funding strategy. The reserve was transferred to the Corporation Sole (THO) on 1 April 2013. The purpose of the Pension Reserve Fund is to enable the organisation to meet future increases in the employer's contributions to the City of Westminster Pension Fund.

The notes on pages 20 to 33 form part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2015

1. Accounting policies

a) Basis of accounting

The financial statements are prepared in accordance with the Government Financial Reporting Manual (FReM). The accounts have been prepared under the historical cost convention. The accounting policies are set out below and have been consistently applied.

Going concern

Although THO does have an accumulated pension liability at the year end the Ombudsman does not consider this to affect THO's going concern status going forward. Changes in pension fund liabilities are liable to fluctuation year on year, dependent on economic circumstances and investment performance. In the event that the sponsor Department (DCLG) introduced legislation which effectively caused THO to be wound up or if the Scheme's approval were to be withdrawn and another body approved under the Housing Act 1996, the sponsor Department shall put in place arrangements to ensure the orderly winding up of the Corporation Sole. In particular, it would ensure that the assets and liabilities of THO are formally transferred to any successor organisation and accounted for in accordance with Managing Public Money requirements. In the event there is no successor organisation, the assets and liabilities would be transferred to the sponsor department. As an admitted body to the City of Westminster Pension Fund, the Corporation Sole is liable for any liabilities other members incur. This agreement provides further assurance in regard to such liabilities and supports a going concern status. Therefore the Ombudsman is of the opinion the accounts should be prepared on a going concern basis.

On 25 March 2015 the previous Government published a report by Robert Gordon called, 'Better to serve: proposals to restructure, reform, renew and reinvigorate public services ombudsmen'. In parallel with that report they launched, 'A public service ombudsman: a consultation', to seek views about the future of public ombudsman services in England. The current Government subsequently set out its intention in the Queen's Speech to bring forward a draft Bill to establish a single public services ombudsman. Any changes that arise from these proposals may possibly have implications for the future of the Housing Ombudsman. These proposals are however still subject to Ministers' consideration of the consultation responses, and would require the passage of primary legislation through the full parliamentary process. It is therefore too early at this stage to know either the timetable or nature of any changes that may follow, or to make any meaningful assessment of their implications for the future of THO. I have considered the issues set out in the report, the consultation, and the Queen's Speech in forming my judgement about the overall status of the organisation. I am satisfied that this does not give rise to a material uncertainty around the going concern status of THO at this stage and our accounts have therefore been prepared on a going concern basis. We will continue to monitor, and engage with, these proposals as they develop.

b) Subscriptions

Subscriptions are the annual subscriptions payable by landlord members of the Ombudsman Scheme for the year ended 31 March 2015. Subscriptions are calculated by reference to the number of units owned or managed by member landlords. All subscriptions are payable on receipt of a THO invoice. Any subscriptions invoiced in advance of the year to which they relate are treated as deferred income and are included in Trade Payables and other Current Liabilities as subscriptions in advance and as Trade Receivables and other Current Assets as subscriptions.

Subscriptions invoiced in advance are based on the best information available to management at the time of issuing invoices. The actual income will be confirmed in the next reporting period, based on returns from member landlords.

c) Property, Plant and Equipment

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

Non property assets are considered to be of sufficiently low value and short useful life for the adoption of depreciated historical cost basis as a proxy for fair value. Property, plant and equipment are disclosed at cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment evenly on a monthly basis at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Leasehold improvements are being depreciated over 3.5 years, the period remaining on the lease at the time of the improvements (2012/13).

Leasehold improvements (fixtures and fittings)	- Period of lease
Computer equipment	- 5 years
Office equipment	- 10 years

Notes to the financial statements

For the year ended 31 March 2015

- d) **Intangible assets**
Intangible assets comprise computer software and website development and are stated at cost. Amortisation is charged on a straight line basis over the estimated useful economic life of the software (five years) and website (three years). The impairment of intangible assets is considered annually, or whenever events or changes occur. The valuation policy for intangible assets is to use amortised cost as a proxy for fair value as all assets are short life and low value.
- e) **Cash and cash equivalents**
Cash and cash equivalents comprise cash in hand, balances with banks, and short term deposits in money market instruments. These are liquid investments that are readily convertible to known amounts of cash.

THO also makes longer term investments, typically held for between 6 and 12 months, and these are reported separately.
- f) **Pension costs**
The Corporation Sole participates in a multi-employer funded defined benefit scheme. The Corporation Sole remains exposed to risk by being jointly liable for the liabilities of other bodies admitted to the pension scheme. The Corporation Sole is exposed to actuarial risks associated with their current and former employees' membership of the fund. The actuary has been able to perform a notional allocation of the Corporation Sole's share of the Fund and therefore has performed an actuarial valuation at 31 March 2014 using IAS19 principles.

The effect of this accounting policy is to recognise a pension liability in the Statement of Financial Position. Current service costs, past service costs, gains and losses on settlements and curtailments, interest and the expected return on pension scheme assets are charged to the Statement of Comprehensive Income. Actuarial gains and losses are charged to the Statement of Changes in Taxpayers' Equity. As detailed in note 11, pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis and discounted at a rate equivalent to the current rate of return of a high quality corporate bond of equivalent currency and term of the scheme liabilities.
- g) **Operating leases**
Rentals payable under operating leases are charged in the Statement of Comprehensive Income on a straight-line basis over the lease term. Any rent free period is amortised evenly over the period of the lease.
- h) **Changes in accounting policy**
THO has considered, in accordance with IAS 8, whether there have been any changes to accounting policies arising from IFRS and the FReM which have an impact on the current or prior period, or may have an effect on future periods. THO has also reviewed any new or amended standards issued by the IASB but not yet effective, to determine if it needs to make any disclosures in respect of those new IFRS's that are or will be applicable. We do not anticipate that any new or amended accounting policies will have any impact on THO's financial statements.

The following changes in accounting policy have been applied by THO for the first time in the current period:

None
- i) **Provisions**
There were no provisions in 2014-15.

Notes to the financial statements
For the year ended 31 March 2015

2a. **Other Operating Income**

	2015 £	2014 £
Sundry Income	(190)	(8,647)
	<u>(190)</u>	<u>(8,647)</u>

2b. **Staff costs**

	Permanent staff £	Temporary staff £	2015 Total £	2014 Total £
Wages and salaries	1,881,487	551,462	2,432,949	2,155,871
Social security costs	182,998	-	182,998	192,135
Pension service costs	319,507	-	319,507	240,222
Additional pension payment	-	-	-	116,000
Redundancy costs	-	-	-	75,233
	<u>2,383,992</u>	<u>551,462</u>	<u>2,935,454</u>	<u>2,779,462</u>

The additional pension payment in 2014 was made to City of Westminster to reduce the net pension fund liability.

The average number of THO employees including part-time employees and secondees during the year was 51 (2014: 49), engaged in the following duties:

	THO 2015 No.	THO 2014 No.
Ombudsman	1	1
Caseworkers	32	34
Organisation and Sector Development	5	4
Support staff	4	5
Temporary staff	9	5
	<u>51</u>	<u>49</u>

Reporting of exit packages

Exit package cost bands (£)	Number of compulsory redundancies	Number of other departures agreed	2015 Total	Number of compulsory redundancies	Number of other departures agreed	2014 Total
0 – 9,999	-	-	-	-	-	-
10,000 – 24,999	-	-	-	2	-	2
25,000 – 49,999	-	-	-	1	-	1
50,000 – 99,999	-	-	-	-	-	-
100,000+	-	-	-	-	-	-
Total number of exit packages	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>3</u>
Total Cost (£)	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,233</u>	<u>-</u>	<u>75,233</u>

Notes to the financial statements

For the year ended 31 March 2015

2c. Administrative expenses

	2015	2014
	£	£
Accommodation	411,936	423,939
Training and recruitment	194,700	257,354
Depreciation and amortisation	182,493	184,718
Office running costs	217,406	222,721
Consultancy	12,961	27,465
Information technology	186,105	133,906
Organisation & Sector Development	153,001	79,783
ARAC remuneration	8,810	17,645
Travel and subsistence	14,916	15,552
NAO audit fees	29,000	30,500
Other professional fees	54,423	25,211
DCLG internal audit fees	22,935	20,359
Professional subscriptions and welfare	7,798	7,975
External dispute resolution	-	673
Health scheme	11,046	9,636
Loss on disposal of assets	-	-
	<u>1,507,530</u>	<u>1,457,437</u>

No remuneration was paid to the external auditors for non-audit work in 2014-15 (2013-14: nil).

3 Interest receivable/ (payable)

	2015	2014
	£	£
Bank and other interest receivable	23,877	16,137
Interest cost on pension obligation	(385,000)	(394,000)
Interest on pension scheme assets	338,000	304,000
	<u>(23,123)</u>	<u>(73,863)</u>

4. Statement of losses and special payments during the year

There were no losses or special payments that require disclosure in the financial statements.

5. Taxation

The Ombudsman, with certain provisos, is only subject to tax on its interest received.

The tax assessed for the period is the standard rate of corporation tax in the United Kingdom 20% (2014:20%)

	2015	2014
	£	£
Interest received before corporation tax	23,876	16,137
Tax on interest received	<u>4,775</u>	<u>3,227</u>

Notes to the financial statements
For the year ended 31 March 2015

6. Intangible assets

	Computer Software	Website	Total
	£	£	£
Cost			
As at 1 April 2014	313,534	132,000	445,534
Additions	24,000	-	24,000
Disposals	-	-	-
As at 31 March 2015	337,534	132,000	469,534
Amortisation			
As at 1 April 2014	191,688	46,450	238,138
Charge for the year	41,606	44,000	85,606
Disposals	-	-	-
As at 31 March 2015	233,294	90,450	323,744
Net book value:			
As at 31 March 2015	104,240	41,550	145,790

	Computer Software	Website	Total
	£	£	£
Cost			
As at 1 April 2013	301,006	88,200	389,206
Additions	12,528	43,800	56,328
Disposals	-	-	-
As at 31 March 2014	313,534	132,000	445,534
Amortisation			
As at 1 April 2013	145,654	2,450	148,104
Charge for the year	46,034	44,000	90,034
Disposals	-	-	-
As at 31 March 2014	191,688	46,450	238,138
Net book value:			
As at 31 March 2014	121,846	85,550	207,396

Notes to the financial statements
For the year ended 31 March 2015

7. Property, Plant and Equipment

	Leasehold Improvements Fixtures and Fittings £	Information Technology £	Office Equipment £	Total £
Cost				
As at 1 April 2014	256,712	241,511	64,587	562,810
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31 March 2015	256,712	241,511	64,587	562,810
Depreciation				
As at 1 April 2014	141,531	108,944	26,453	276,928
Charge for the year	48,625	42,806	5,455	96,886
Disposals	-	-	-	-
As at 31 March 2015	190,156	151,750	31,908	373,814
Net book value:				
As at 31 March 2015	66,556	89,761	32,679	188,996

	Leasehold Improvements Fixtures and Fittings £	Information Technology £	Office Equipment £	Total £
Cost				
As at 1 April 2013	256,712	158,627	61,619	476,958
Additions	-	82,884	2,968	85,852
Disposals	-	-	-	-
As at 31 March 2014	256,712	241,511	64,587	562,810
Depreciation				
As at 1 April 2013	92,906	69,597	19,741	182,244
Charge for the year	48,625	39,347	6,712	94,684
Disposals	-	-	-	-
As at 31 March 2014	141,531	108,944	26,453	276,928
Net book value:				
As at 31 March 2014	115,181	132,567	38,134	285,881

Notes to the financial statements

For the year ended 31 March 2015

8a. Trade receivables and other current assets

	2015 £	2014 £
Subscriptions	4,162,547	4,775,152
Staff loans	18,082	20,865
Prepayments	179,536	148,919
Other receivables	465	258
	<u>4,360,630</u>	<u>4,945,194</u>
Represented by		(restated)
Central Government	-	-
Local Authorities	1,518,100	1,633,914
Public Corporations	109,392	202,714
External Bodies	2,733,138	3,108,566
	<u>4,360,630</u>	<u>4,945,194</u>

The 2014 re presented figures have been restated due to the categorisation of ALMO's from Local Authorities to Public Corporations.

8b. Non-current receivables

	2015 £	2014 £
Subscriptions	-	140,446
	<u>-</u>	<u>140,446</u>
Represented by		(restated)
Central Government	-	-
Local Authorities	-	47,467
Public Corporations	-	5,889
External Bodies	-	87,090
	<u>-</u>	<u>140,446</u>

The 2014 Re-presented by figures have been restated due to the recategorisation of ALMO's from Local Authorities to Public Corporations.

9. Cash and cash equivalents

	2015 £	2014 £
Cash on hand and balances with bank	1,290,200	1,056,965
Short term deposits	2,850,000	-
	<u>4,140,200</u>	<u>1,056,965</u>
Investments held with commercial banks	-	2,000,000
	<u>4,140,200</u>	<u>3,056,965</u>

Notes to the financial statements
For the year ended 31 March 2015

10a. **Trade payables and other current liabilities**

	2015	2014
	£	£
Subscriptions in advance	4,710,900	4,832,760
Trade payables	65,438	112,670
Other payables	43,754	-
Tax & NI payables	52,572	-
Accruals	244,927	194,407
	<u>5,117,591</u>	<u>5,139,837</u>
Represented by		(restated)
Central Government	16,369	9,256
Local Authorities	1,700,193	1,633,355
Public Corporations	113,053	202,645
External Bodies	3,287,976	3,294,581
	<u>5,117,591</u>	<u>5,139,837</u>

The 2014 Re-presented by figures have been restated due to the recategorisation of ALMO's from Local Authorities to Public Corporations.

10b. **Non-current payables**

	2015	2014
	£	£
Subscriptions in advance	-	142,140
	<u>-</u>	<u>142,140</u>
Represented by		(restated)
Central Government	-	-
Local Authorities	-	48,040
Public Corporations	-	5,960
External Bodies	-	88,140
	<u>-</u>	<u>142,140</u>

The 2014 Represented by figures have been restated due to the recategorisation of ALMO's from Local Authorities to Public Corporations.

Notes to the financial statements For the year ended 31 March 2015

11. Pension

THO is an Admitted Body to the City of Westminster Pension Fund; a defined benefit scheme. The Pension Fund is operated under the Local Government Pension Regulations 1997 (as subsequently amended). THO pays different contribution rates compared to other employers participating in the Fund, reflecting differences in the Corporation Sole's demographic profile and experience and is exposed to actuarial risks associated with their current and former employees' membership of the Fund. The contributions are determined by an independent, qualified actuary at Barnett Waddingham. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments, contributions paid to the fund and benefit payments.

The actuarial valuation of the Fund at 31 March 2015 for IAS19 purposes calculated the accumulated net liability relating to THO to be £2,188,000 (2014 : £1,234,000). All further figures in this note are disclosed to the nearest thousand.

Following the 2013 triennial review the actuary recommended that the Corporation Sole's contribution rate of pensionable salaries increases as follows:

Year Ended 31 March	Contribution Rate %
2015	25%
2016	25%
2017	25%

Under the scheme which came into effect on 1 April 2008 employee contribution rates changed from 6% of pensionable salaries to a rate ranging from 5.5% to 12.5% depending on salary. The Actuary has advised THO that its additional contributions in previous years have been taken into account when determining the THO's share of the assets at the valuation date.

The main reason behind the increase in THO's liability to the pension fund is the change in financial assumptions due to the reduction in bond yields. Results under the IAS19 reporting standard can change dramatically depending on market conditions. Liabilities are linked to yields on AA rated corporate bonds whereas the majority of the assets of the Fund are invested in equities. This will lead to volatility in the net pension liability on the Statement of Financial Position and the actuarial gains or losses in the Statement of Comprehensive Income.

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

Notes to the financial statements For the year ended 31 March 2015

11. Pension (continued)

The principal assumptions used by the actuary were:

	At 31.03.15	At 31.03.14	At 31.03.13	At 31.03.12
	%	%	%	%
RPI Inflation	3.3%	3.7%	3.4%	3.6%
CPI Inflation	2.5%	2.9%	2.6%	2.6%
Rate of increase in salaries	4.3%	4.7%	4.8%	5.1%
Rate of increase of pensions in payment/deferred pensions	2.5%	2.9%	2.6%	2.6%
Discount rate	3.4%	4.5%	4.7%	5.8%
Post retirement mortality (future lifetime years, retirement age 65)				
- Males (PNMA00)	22.1 to 24.2	22.0 to 24.1	22.5 to 24.3	22.4 to 24.2
- Females (PNFA00)	25.2 to 27.6	25.1 to 27.4	24.6 to 26.6	24.5 to 26.5

Salaries are assumed to increase at 1.8% per annum above CPI in addition to a promotional scale over the long term. The Accounting Officer considers this to be reasonable.

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

	Value at 31.03.15	Value at 31.03.14
	£'000	£'000
Equities	6,554	5,534
Property	724	291
Government Bonds	143	219
Corporate Bonds	1,058	801
Cash	110	437
Other	-	-
Total assets	8,589	7,282
Estimated liabilities	(10,777)	(8,516)
Net pension deficit	(2,188)	(1,234)

THO employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2015.

a) Analysis of amounts charged to the operating surplus

	2015 £'000	2014 £'000
Service cost	318	339
Total	318	339

This charge is included within Note 3.

b) Net finance charge on pension scheme

	2015 £'000	2014 £'000
Net interest on the defined liability (asset)	47	90
Net charge included in note 3.	47	90

Notes to the financial statements
For the year ended 31 March 2015

11. Pension (continued)

c) Re-measurements in other comprehensive income

	2015 £'000	2014 £'000
Return on plan assets in excess of interest	505	174
Other actuarial gains/(losses) on assets	-	75
Change in financial assumptions	(1,470)	(374)
Change in demographic assumptions	-	215
Experience gain/(loss) on defined benefit obligation	-	794
Changes in effect of asset ceiling	-	-
Actuarial (loss) gain recognised	(965)	884

d) Changes in the present value of liabilities during the period

	2015 £'000	2014 £'000
Opening present value of liabilities	(8,516)	(8,354)
Current service cost	(318)	(339)
Interest cost	(385)	(394)
Changes in financial assumptions	(1,470)	(374)
Changes in demographic assumptions	-	215
Experience loss/(gain) on defined benefit obligation	-	794
Estimated benefits paid net of transfers in	40	59
Past service costs, including curtailment	-	-
Contributions by Scheme participants	(128)	(123)
Closing present value of liabilities	(10,777)	(8,516)

e) Changes in the fair value of scheme assets during the accounting period

	2015 £'000	2014 £'000
Opening fair value of scheme assets	7,282	6,198
Interest on assets	338	304
Return on assets less interest	505	174
Other actuarial gains/(losses)	-	75
Administration expenses	(6)	(5)
Contributions by employer	382	472
Contributions by Scheme participants	128	123
Benefits paid	(40)	(59)
Closing present value of scheme assets	8,589	7,282

Notes to the financial statements

For the year ended 31 March 2015

11. Pension (continued)

f) Movements in deficit during the year

	2015 £'000	2014 £'000
Deficit in scheme at beginning of the year	(1,234)	(2,156)
Movement in year:		
Current service cost	(318)	(339)
Net interest cost	(47)	(90)
Change in financial assumptions	(1,470)	(374)
Change in demographic assumptions	-	215
Experience gain/(loss) on defined benefit obligation	-	794
Return on assets	505	174
Settlements and Curtailments	-	-
Other actuarial gains/(losses)	-	75
Administration expenses	(6)	(5)
Contributions by employer	382	472
Closing present value of scheme liabilities	(2,188)	(1,234)

The projected pension expense in regard to the year ending 31st of March 2016 is expected to be £389,000.

Reconciliation of funded status to Statement of Financial Position

	Value as at 31/03/15 £'000	Value as at 31/03/14 £'000	Value as at 31/03/13 £'000	Value as at 31/03/12 £'000	Value as at 31/03/11 £'000
Fair value of assets	8,589	7,282	6,198	4,830	4,370
Present value of funded defined benefit obligation	10,777	8,516	8,354	7,630	6,340
Unrecognised actuarial (gain)/loss	-	-	-	-	-
Unrecognised past service cost	-	-	-	-	-
Asset/(liability) recognised on the balance sheet	(2,188)	(1,234)	(2,156)	(2,800)	(1,970)

History of experience gains and losses

	2015 £'000	2014 £'000	Restated 2013 £'000	2012 £'000	2011 £'000
Difference between expected and actual return on assets	505	249	495	(230)	(270)
% of assets	5.9%	3.4%	8.0%	(4.8%)	(6%)
Experience gains and (losses) on scheme liabilities	-	794	-	(20)	(210)
% of present value of the liabilities	-	9.3%	-	(0.3%)	(3.3%)
Changes in assumptions	(1,470)	(159)	156	(610)	180
% of present value of the liabilities	(13.6%)	(1.9%)	1.9%	8%	2.8%
Total amount recognised in Statement of Taxpayer's Equity	(965)	884	651	(860)	(300)
% of present value of liabilities	9.0%	10.4%	6.4%	11.3%	(4.7%)

Notes to the financial statements

For the year ended 31 March 2015

Sensitivity Analysis	£'000	£'000	£'000
Adjustment to discount rate	0.1%	0.0%	-0.1%
Present Value of Total Obligation	10,559	10,777	11,000
Projected Service Cost	384	393	402
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present Value of Total Obligation	10,398	10,777	11,159
Projected Service Cost	379	393	407

12. Operating leases

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

	2015			2014
	£			£
Total rentals payable on leases expiring				
	Buildings	Other	Total	Total
Within one year	259,661	10,051	269,712	269,712
Within two to five years	91,059	10,889	101,948	369,147
After five years	-	-	-	-
			371,660	638,859

13. Financial Instruments

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

The existence of these financial instruments exposes THO to a number of financial risks namely, credit risk, liquidity risk and market risk. The Audit and Risk Assurance Committee has reviewed and agreed policies for managing each of these risks to ensure that exposure is to an acceptable level. These policies have remained unchanged from previous years.

Credit Risk

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

The Accounting Officer considers that all of the financial assets that are not impaired for the reporting dates under review are of good credit quality. The trade credit risk is mainly attributable to subscription income. There is no concentration of risk in this area, as income is diversified over a large number of subscribing members.

Notes to the financial statements

For the year ended 31 March 2015

13. Financial Instruments (continued)

Liquidity risk

THO's business model, with subscription fees falling due annually in April results in the majority of working capital requirements being received in the first quarter of the financial year. This results in a high proportion of the organisation's asset base being cash on deposit. These deposits are actively managed to ensure that working capital requirements are met at all times. Non-current liabilities, such as future property lease commitments and the future funding of the pension deficit are dependent on future subscription income as the company does not maintain substantial reserves.

Market risk

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

Income and expenditure relating to THO's activities are fully Sterling dominated and hence exposure to exchange rate volatility is nil.

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

14. Related Parties

THO is a Non-Departmental Public Body sponsored by DCLG. Hence any other bodies sponsored by DCLG are considered to be related parties. During the year, THO has had no material transaction with DCLG. In 2013-14, THO was partly funded by receipt of £630,000 of grant-in-aid funding from DCLG.

Under IAS 24, the Local Government Pension Scheme is defined as a related party to THO. For details of transactions with this body, refer to note 11.

The Remuneration Report (see page 7) contains details of compensation payments made to key management personnel.

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Audit & Standards Committee Report

Report of: Julie Toner, Director of HR and Customer Services/ Gillian Duckworth, Director of Legal Services

Date: 16 November 2016

Subject: Annual Ombudsman and Complaints Report 2015/16

Author of Report: Andrew Fellows

Summary:

This report provides an overview of the complaints received, and formally referred and determined by the three Ombudsmen (Local Government Ombudsman, Parliamentary & Health Service Ombudsman and Housing Ombudsman) during the twelve months from 1 April 2015 to 31 March 2016.

The report also identifies future developments and areas for improvement in complaint management.

The report is jointly presented by the Director of Legal Services and the Director of HR and Customer Services, who are respectively the Council's Monitoring Officer, and the Director responsible for managing the Complaints Service.

Recommendations:

The Audit & Standards Committee is asked to consider the Annual Ombudsman Report in order to provide its view on the performance of Ombudsman complaints and the issues raised.

Background Papers:

None

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
NO Cleared by: Pauline Wood
Legal Implications
NO Cleared by: Nadine Wynter
Equality of Opportunity Implications
NO
Tackling Health Inequalities Implications
NO
Human rights Implications
NO:
Environmental and Sustainability implications
NO
Economic impact
NO
Community safety implications
NO
Human resources implications
NO
Property implications
NO
Area(s) affected
None
Relevant Cabinet Portfolio Lead
Cabinet Member for Finance & Resources
Relevant Scrutiny Committee if decision called in
Not applicable
Is the item a matter which is reserved for approval by the City Council?
NO
Press release
NO

Annual Report Ombudsman Report

1.0 INTRODUCTION

- 1.1 Sheffield City Council's Corporate Plan includes a priority on being ***An in Touch Organisation***. This means listening to customers and being responsive, so that services are designed to meet the diverse needs of individuals. The effective handling of customer complaints across the organisation supports this priority and enables the Council to be open and transparent, respond in the right way, make the best use of resources, and make well-informed decisions.
- 1.2 Our overall approach is that we welcome complaints as an opportunity to improve our services. Indeed, our definition of a complaint is "any expression of dissatisfaction whether justified or not", which is deliberately wide to ensure that complaints are recognised and are properly addressed.
- 1.3 The Customer Feedback & Complaints Team in Customer Services is responsible for the development and implementation of policy and procedures on complaints. In addition, the Customer Feedback & Complaints Team acts as the Council's liaison point with the Local Government Ombudsman (LGO), Housing Ombudsman (HO) and Parliamentary & Health Service Ombudsman (PHSO).
- 1.4 The three Ombudsmen provide a free, independent and impartial service. They consider complaints about the administrative actions of councils and some other authorities. They cannot question what a council has done simply because someone does not agree with it. If they find something has gone wrong, such as poor service or service failure, and that a person has suffered as a result, they aim to get it put right by recommending a suitable remedy. They also use the findings from investigation work to help local authorities provide better public services through initiatives such as special reports, training and annual reviews.
- 1.5 The LGO's powers are set out in the Local Government Act 1974, as amended. The HO's powers are set out in the Housing Act 1996, as amended. The PHSO's powers are set out in the Parliamentary Commissioner Act 1967, as amended, and the Health Service Commissioners Act 1993, as amended.

2.0 SUMMARY

- 2.1 This report provides an overview of the complaints received, and formally referred and determined by the three Ombudsmen during the twelve months from 1 April 2015 to 31 March 2016.
- 2.2 The report also identifies future developments and areas for improvement in complaint management.

- 2.3 The report is jointly presented by the Director of Legal Services and the Director of HR and Customer Services, who are respectively the Council's Monitoring Officer, and the Director responsible for managing the Complaints Service.

3.0 MAIN BODY OF THE REPORT

3.1 Overview

Overall, the number of formal complaints investigated by Sheffield City Council services was 561 in 2015/16, compared with 684 in 2014/15. This represents an 18% fall in the number of complaints investigated.

- 3.2 The fall in the number of complaint investigations was seen across all Council service areas, and most significantly in the Place Portfolio, where the number of complaints about Parking Services fell from 90 in 2014/15 to 28 in 2015/16. This reduction followed on from a piece of focussed work that the Customer Feedback & Complaints Team undertook with Parking Services on their approach to managing complaints.

- 3.3 It is not possible to provide a single, simple explanation for the fall in the number of complaints recorded. However, the view of the Complaints Managers in the Customer Feedback & Complaints Team is that a major cause is the further embedding of the 'problem solving' approach to dealing with complaints that was brought in April 2014. Evidence suggests that many services have embraced the principle of 'problem solving' – aiming to resolve problems within three days by making personal contact with customers.

- 3.4 In contrast, there has been an increase in the number of enquiries received from the three Ombudsmen. Details of the enquiries/complaints raised by the Ombudsman can be found in Appendix A and B.

- 3.5 The Council's Customer Feedback & Complaints Team recorded a total of 143 separate enquiries made by the Ombudsmen about Sheffield City Council during 2015/16. This was an increase of 19 from the 2014/15 figure of 124, and is the second year where the number has increased – the 2013/14 figure was 101.

- 3.6 The areas that generated the largest number of Ombudsman enquiries were Streets Ahead (27), Council Housing (25), and Adult Social Care (21). The figures for Adult Social Care and Council Housing are broadly the same as the previous year. However the figure for Streets Ahead increased from 8 in 2014/15 – these enquiries mainly related to street lighting and trees.

- 3.7 The Ombudsman reported that she received 199 enquiries about

Sheffield City Council during 2015/16. This figure is higher than the 143 recorded by the Council's Customer Feedback & Complaints Team because it includes, for example, people who made a 'premature' complaint and were signposted back to the Council by the Ombudsman, but who never contacted us. By comparison, in 2014/15 the Ombudsman received 188 enquiries about Sheffield City Council.

- 3.8 The Ombudsman stated that the highest number of enquiries she received were about highways and transport (40), education and children's services (34), and adults social care (32)
- 3.9 It should be noted that not all Ombudsman enquiries lead to a formal investigation. Indeed, of the 143 enquiries recorded by the Council's Complaints Team in 2015/16, approximately three-quarters were not formally investigated, with only 37 formally investigated (down from 43 the previous year).
- 3.10 Of the 37 formal investigations initiated in 2015/16, 10 related to Adult Social Care, and 9 to Highways and Transport.
- 3.11 Overall, the Ombudsman upheld 21 complaints (up slightly from 19 in 2014/15). Details of these complaints are included at Appendix B. Of the 21, the Ombudsman found that there was maladministration, but no injustice in one case; in the other 20 cases, the Ombudsman found that there was maladministration and injustice.
- 3.12 In addition, the Ombudsman issued one formal report against the Council during 2015/16. This was about the failure to meet the care needs of a woman receiving support for her mental health needs, after she developed additional physical needs. A local investigation of the complaint had recommended quick action to end a funding disagreement between the Council and the NHS. It was the failure to do this, leaving the complainant without proper care and support for over a year, which prompted the Ombudsman's investigation.

The Council and the NHS accepted the Ombudsman's recommendations in full, but later the complainant asked the Ombudsman to check those recommendations had been properly implemented, as she was dissatisfied with the package of support offered after a new assessment of her needs. The Ombudsman was satisfied that the Council had considered this properly. They were also pleased to note the significant work the Council had done to identify and act on the learning points arising from the complaint. The Ombudsman had recommended that the Council create an action plan, and the Council used this as an improvement tool for the practice changes it was making to reflect the new Care Act 2014 requirements. The Ombudsman said that the Council's willingness to accept it had made mistakes, and take steps to maximise the learning from those mistakes, was very welcome.

- 3.13 In total, the Council paid £46,490.97 in compensatory payments and

other reimbursements following Ombudsman enquiries. A total of £34,000 related to two adult social care 2 complaints (outlined in Appendix B as case 4 and case 21).

- 3.14 In resolving complaints, we aim to work with the customer to try to achieve their preferred outcome, and when appropriate we will apologise. When the Council is at fault, we will aim to resolve the complaint by putting the customer back into the position they would have been in had the fault not occurred, or by offering another remedy if this is not possible.
- 3.15 We also aim to learn from complaints, so that we do not repeat the same problem: the table at Appendix B includes full details of the remedies, improvements and changes that have been made following Ombudsman investigations. Examples include:
- **Adult Social Care** – a number of Ombudsman decisions about Adult Social Care services have referred to failings with the way the actual complaint was handled, including delays in responding and inadequate communications with the complainant while the complaint was being investigated. As a result the Customer Feedback & Complaints Team has undertaken work with the service to look at implementing improvements to the process, including improved communications and better monitoring of timescales.
 - **Council Housing** – the Ombudsman found there had been maladministration in a case where a tenant complained about repairs and works carried out to his home and surrounding garden. As a result, the Council agreed to review its void property completion documents to ensure that all disrepair issues are properly identified, and to ensure that all agreed works are confirmed with tenants in writing.

Future developments

- 3.16 Looking ahead, the Government has signalled its intention to create a single Public Service Ombudsman (PSO), which would replace the LGO and PHSO, and, potentially, the HO. At the present time, the timescale for this to happen is unclear. The Customer Feedback & Complaints Team will continue to monitor developments.
- 3.17 The proposed creation of a PSO is welcomed as it will support better handling of complaints that have been escalated beyond the Council.
- 3.18 Locally, we are in a good position to respond to this change, as we already have an excellent record on responding to Ombudsman enquiries.
- 3.19 There are, however, areas for improvement in the way we generally

manage complaints.

- The recording of some complaint details, such as outcomes, remains an issue across the organisation. This means that we have partial intelligence on some issues. One result of this is that organisational learning from complaints is not as effective as it could be. As part of the review of the Council's Customer Relationship Management ICT system, work is being done to look at how the collection of complaint data can be improved.
- Information provided by some strategic partners is not consistent with information held on the Council's complaints management system, meaning information about key public services is only partially available. Over the last 12 months we have improved the reporting of this data, but some gaps remain. We are working with these areas to look at how we can address the gaps.

3.20 Over the coming year, the Customer Feedback & Complaints Team will continue to actively monitor national policy developments, and will respond to these accordingly. We will also:

- Undertake work to review how learning from complaints can be improved
- Carry out communications with key stakeholders to improve awareness of complaints processes and trends
- Investigate how to improve the visibility of complaints resolved through problem solving

4.0 RECOMMENDATIONS

4.1 The Audit & Standards Committee is asked to consider the Annual Ombudsman Report in order to provide its view on the performance of Ombudsman complaints and the issues raised

OMBUDSMAN COMPLAINTS

The Local Government Ombudsman (LGO), Parliamentary & Health Service Ombudsman (PHSO) and Housing Ombudsman (HO) independently investigate complaints about Local Authorities. The Ombudsmen are independent of Councils and the Government

The Customer Feedback & Complaints Team keeps a record of the enquiries made by the LGO, PHSO and HO about services provided by Sheffield City Council, both directly and through partners. The table below shows the enquiries made about Sheffield City Council during 2015/16, and compares this with 2014/15.

Table 1: What the enquiries were about in 2015/16

Portfolio/ Partner	Subject	Formal premature referrals	Considered without formal enquiries	Formal enquiries made	Totals 2015/16	Totals 2014/15
Communities	Social Care - Adults	6	5	10	21	23
	Council Housing	12	8	5	25	21
	Housing - Other	0	1	1	2	2
CYPF	Social Care - Children's	1	3	1	5	13
	Education	3	12	5	20	12
Place	Building Control	0	0	0	0	1
	Environmental Services	0	2	1	3	1
	Parking Services	0	11	1	12	11
	Planning	1	2	2	5	4
	Highways	3	1	0	4	5
	Land/property	0	1	0	1	2
	Licensing	0	1	0	1	2
Trading Standards	0	0	0	0	1	
Amey	Streets Ahead	0	18	9	27	8
Veolia	Waste Management	0	0	1	1	3
Resources	Customer Services	1	1	0	2	2
	Legal	0	0	0	0	1
	Finance	0	1	0	1	1
	Other	0	1	0	1	1
Kier	Property	0	0	0	0	0
Capita	Benefits	2	5	1	8	4
	Revenues	3	1	0	4	6
Totals		32	74	37	143	124

There was an overall increase in the number of enquiries from 124 to 143; but the number of formal enquiries reduced to 37 in 2015/16, from 43 in 2014/15. In most service areas, the figures between the two years were similar. However, there was a marked increase in the number of

enquiries about Education, and Amey, who provide highway maintenance services on behalf of the Council.

The Council's average response time to Ombudsman formal enquiries in 2015/16 was **28 days**, which is the target set by the Ombudsman. However, it was an increase from an average response time of 23 days in 2014/15. 50% of formal enquiries were dealt with in the 28 day target. In addition, we responded to 95 preliminary enquiries in an average of 5 days.

In her Annual Review Letter, the LGO has reported that she received 199 complaints and enquiries about Sheffield City Council during 2015/16. This figure is significantly higher than the 143 reported in Table 1 above because it includes, for example, people who have made a premature complaint to the Ombudsman and who been signposted back to the Council by the Ombudsman, but who never contacted us.

The table below shows what the Ombudsman's 199 enquiries were about compared with the previous two years.

Table 3 LGO enquiries received 2015/16

LGO subject category	2013/14	2014/15	2015/16
Adult Social Care	26	38	32
Benefits and Tax	34	24	24
Corporate and other	9	8	12
Education and Children's Services	35	33	34
Environmental Services & Public Protection	15	18	23
Highways & Transport	25	34	40
Housing	14	22	25
Planning & Development	8	11	8
Total	166	188	199

At the end of their enquiry or investigation, the Ombudsman provides details of their decision. The table below provides details of the decisions over the last three years. 22 complaints were upheld in 2015/16, compared with 19 in 2014/15.

Table 2: Ombudsman decisions

Ombudsman Decisions	2013/14	2014/15	2015/16
Closed after initial enquiries - out of jurisdiction	18	24	19
Closed after initial enquiries - no further action	26	26	44
Closed - Local Resolution (Housing Ombudsman)	1	2	3
Not Upheld: No further action	0	5	3
Not Upheld: No Maladministration	24	20	24
Upheld: No further action	4	3	1
Upheld: Maladministration and Injustice	13	16	20
Upheld: Report	1	0	1
Total	87	96	116

How we compare

The table below compares the number of complaints received by the LGO across the Core Cities based on information provided by the LGO in her Annual Review Letter.

Table 3: Core cities data 2015/16

	Number enquiries received 2014/15	Number enquiries received 2015/16	% increase/decrease (+ / -)	Number of detailed investigations 2015/16	Number of complaints upheld 2015/16	Upheld rate 2015/16	Number of complaints per 1000 population
Birmingham	578	523	-11%	107	71	66%	0.48
Bristol	131	183	+28%	45	29	64%	0.41
Leeds	212	217	+2%	55	22	40%	0.29
Liverpool	169	180	+6%	38	21	55%	0.39
Manchester	156	140	-11%	41	28	68%	0.26
Newcastle	57	68	+16%	12	2	17%	0.23
Nottingham	110	105	-5%	27	13	48%	0.34
Sheffield	188	199	+6%	46	21	46%	0.35

Appendix A

A summary of the 22 complaints which were upheld by the Ombudsman during 2015/16 is provided below.

	Portfolio/ Partner	Complaint	Ombudsman Finding/ Investigation Outcome	Remedy/Service Improvements
Page 149	1 Communities - Adult Social Care	<p>Ms Y complained in her own right and on behalf of her mother (Mrs S) that Sheffield City Council:</p> <p>a) failed to transfer care between two care agencies effectively b) commissioned a care provider who failed to fulfil a care plan leaving Mrs S at risk c) reduced care calls without carrying out a reassessment, amending the support plan, or obtaining Mrs S's informed consent about the reduction d) contacted a family member who was not the next of kin about changes to the care plan e) failed to properly monitor the services of the care provider and take action when it received complaints f) refused to provide information and take action which would provide reassurance to the family that the care agency is providing services according to the support plan g) failed to deal with the complaint in a timely and comprehensive manner.</p>	<p>The LGO found fault in the Council failing to properly review Mrs S before reducing her care and for failing to provide Ms Y more detail about what specific actions it was taking to monitor the care provider.</p>	<p>The Council agreed the following actions:</p> <ul style="list-style-type: none"> • to apologise to Mrs S and Ms Y about the failures identified • to contact Mrs S and establish who she wants recorded as her main contact(s) and if relevant in what order officers should contact them, and to remind officers that this should be checked at the yearly reviews • provide Ms Y a chronology of actions it has taken and continues to take in respect of the provider • to review procedures for when there is a transfer to a new provider; • to make a payment of £400 to Mrs S for the anxiety and uncertainty caused by the inconsistent call times and for when the Council made the decision to reduce her care package without properly reviewing the support plan and involving Mrs S • to review Mrs S's care package to ensure that as far as possible the care provider is able to meet Mrs S's needs • to remind staff about the need to review, and if necessary reassess service users, (obtaining the views of relevant parties such as health professionals and family members) and revise support plans when a decision is made to change a care package.
	2 Communities - Adult Social Care	<p>Mr B complained that the Council increased Ms C's domiciliary care package without giving her any information about the associated</p>	<p>The LGO found that the Council failed to tell Ms C about the increase in her care costs before it was implemented. This meant</p>	<p>The Council offered to waive the outstanding care charges amounting to £715, which occurred from the increased care package between the time Ms C was discharged from hospital until she cancelled the additional care hours.</p>

		costs. Ms C could not make an informed decision about whether she wished to receive the service and incur an extra charge. Ms C quickly cancelled the service when she found out the extra charge as felt she could not afford it and did not need it.	Ms C could not make an informed choice on whether to incur the cost of additional care. In addition she may have received incorrect advice from hospital staff, which would have been clarified had the Council shared charging information with her.	The Council agreed to contact Ms C to confirm the waived charges and the status of Ms C's care charges.
3	Communities - Adult Social Care	<p>Ms B complained about the Council's calculation of her father, Mr C's contribution to the cost of his residential care. In particular, Ms B complained:</p> <p>a) the Council decided that Mr C should receive a 'notional rent' of £45 per week from her occupation of her father's home</p> <p>b) the Council took too long to make a decision.</p>	The LGO found the Council's offer to waive the notional rental income to be satisfactory outcome.	The Council offered to waive the notional rental income it decided Mr C should receive from his property when calculating his contribution to the cost of his care, and to backdate this to when the charge was first used. This reduced contributions by £3,358.
4	Communities - Adult Social Care	<p>Mr Y complains in his own right as a carer and on behalf of his wife (Mrs Y) a service user, that the Council:</p> <p>a) failed to adhere to the Ombudsman's recommendations from a previous complaint. In particular it failed to complete a support plan for Mrs Y and a carer's assessment for Mr Y</p> <p>b) failed to provide appropriate support to Mrs Y following her leaving hospital</p> <p>c) inappropriately reduced her carers from two to one;</p> <p>d) failed to deal with Mr Y's complaint in a timely manner.</p>	The LGO found the Council was at fault for reducing care without a risk assessment, delaying the backdating of carers payments to Mr Y, and delaying responding to his complaints. The service provided was also not in line with the care plan.	<p>The Council agreed the following actions:</p> <ul style="list-style-type: none"> to finalise Mrs Y's support plan, and backdate payments amounting to £20,800 to write to Mr and Mrs Y to apologise for the delay in responding to the complaint and for the service failure to remind staff to keep complainants updated if there is a delay in dealing with their complaint remind staff that a care plan should not be changed without a reassessment or risk assessments make a payment to Mr Y of £150 for failing to address concerns raised

5	Communities – Council Housing	Mr M complained about repairs and works carried out to his home and surrounding garden.	The Housing Ombudsman found the Council acted reasonably and fairly in addressing Mr M's complaints, but it failed to fully recognise the distress and inconvenience caused to Mr M by the service failures acknowledged.	<p>The Council agreed to offer an additional £75 compensation payment to Mr M for the distress and inconvenience caused, the delay in carrying out some of the works, and the time he had to spend pursuing his complaint.</p> <p>The Council agreed to review its void property completion documents to ensure that all disrepair issues are properly identified; and ensure that all agreed works are confirmed with tenants in writing.</p>
6	Capita – Revenues and Benefits	Mr B complained that, due to an error scanning an application, the Council failed to pay housing benefit directly to him as landlord when he requested this due to his tenant's vulnerability. He considered that the Council should compensate him for the housing benefit paid to his tenant, which she did not pass on to him as rent.	The LGO found that the Council failed to consider Mr B's request to pay housing benefit to him as landlord and should therefore bear some responsibility for the losses Mr B has incurred and should make a payment to Mr B to reflect this.	The Council agreed to pay Mr B £420, equivalent to the first two payments it made to Ms C.
8	Place – Parking Services	Mrs A complained about the way the Council had enforced a parking penalty and that, in particular, it had continued to send her letters informing her it was continuing to pursue the penalty after a witness statement had been accepted by the Traffic Enforcement Centre.	The LGO concluded their involvement on basis that the Council decided that it would not pursue the outstanding amount of £40. Mrs A was satisfied that the Council's decision to cancel any outstanding debt resolved her complaint	The Council decided that it will not pursue the outstanding amount of £40.
8	Communities - Adult Social Care	Mrs M complained (on behalf of her late cousin) that the Council failed to provide him with adequate care before his death. As a result, his quality of life was lower than it should have been, which caused distress to his family.	The LGO found the Council was slow to act when told of a neighbour's intention to withdraw her support. Care providers failed to keep and retain logs of visits. There was evidence of ineffective action by the provider to meet his increased needs.	<p>The Council agreed to:</p> <ul style="list-style-type: none"> • review its hospital discharge agreement with the Sheffield Teaching Hospitals Trust to ensure that where service users' needs have changed, they are assessed and reflected in the changed care plans, which are communicated to all relevant parties; • continue to pilot additional work to offer advice to care providers following a service user's hospital discharge to ensure their needs are met • provide Mrs M with an apology for the identified

				<p>failures</p> <ul style="list-style-type: none"> • remind care providers of the need to keep and retain logs of visits • take steps to ensure reassessments and changes required to care packages are met and delivered as soon as possible • review its handling of the complaint to ensure that delays are not repeated on future cases • pay Mrs M £100 for the avoidable time and trouble caused pursuing this complaint.
9	Amey - Streets Ahead	Mr X complained the Council has put a street light outside his property without considering the impact it would have on light coming into his bedroom window.	Although the LGO found evidence to show that light levels are within allowable limits and, therefore, there was no ongoing injustice to Mr X as a result of the position of the new street light, the LGO concluded that the Council failed to properly consider the location of new street lighting in relation to Mr X's property.	<p>Amey agreed to write to Mr X to apologise for the time and trouble taken pursuing his complaint, and agreed to pay him £150 in recognition of this.</p> <p>Amey also changed its complaints process to ensure that complaints are dealt with more quickly, and residents' concerns are addressed at an early stage.</p>
10	CYPF – Admissions	Miss X complained that the Council did not properly consider her application for a school place for her daughter Y. She also complained that the Admissions Appeal Panel did not properly consider her appeal against the Council's decision.	The LGO found the Council at fault for allocating Miss X's daughter a place at School D, which it accepts is not appropriate for her, and which Miss X says she did not apply for. The LGO found no evidence to suggest the Council wrongly refused Miss X a place at School C or that the school admissions appeal panel did not properly consider her appeal.	<p>The Council has allocated places at alternative schools for Y and offered to discuss options with Miss X.</p> <p>The Council also arranged for the application for school C to be reconsidered by the Admissions Committee in September 2015.</p>
11	CYPF – Home to School Transport	Ms B complained that the Council made a flawed decision when refusing free transport for her daughter and son.	The LGO concluded their involvement on basis that the Council on its own initiative identified fault in the way the school transport appeals were	The Council offered and agreed to arrange a fresh Stage 2 appeal for the complainant regarding decisions about free school transport for her daughter and son.

			carried out for the complainant and proposed a way forward/remedy.	
12	Communities – Adult Social Care	Mr and Mrs Y complained about services delivered and processes followed while supporting their son Mr S.	The LGO found there was delay in the Council’s safeguarding and complaints processes. It failed to communicate effectively with Mr S and his family and to act on safeguarding alerts. This caused Mr S and his family distress and frustration.	<p>The Council agreed to take the following actions:</p> <ul style="list-style-type: none"> • to write to Mr S in a suitable format to apologise for the faults • to make a payment of £500 to Mr S to reflect the frustration caused by the delays in the safeguarding and complaints processes, and the failure to involve him adequately in both processes; • to write to Mr S to advise him of how it has changed policy and practice to ensure that the complaints process and safeguarding procedures are in line with the Equality Act 2010 • to address the outstanding safeguarding alerts which occurred in 2011 and 2012. • to review how it handles complaints. This is to ensure that at the beginning of adult social care complaints officers tell people about the process, and when they should expect to receive a response. • to make a payment of £250 to Mr and Mrs Y to reflect the frustration caused by the delays in the safeguarding process, the time taken in getting information about Mr S’s capacity, and the complaints process • to remind staff about the importance of considering capacity at the outset of the safeguarding process and to keep it under review. • to consider the processes and documentation used as part of the safeguarding and complaints process so that people with learning disabilities can participate as fully as possible. This should include consideration of the use of easy read. • i) to remind staff about the importance of telling families about the roles of any investigating officers involved, and who has the responsibility for lead investigator.

13	Communities – Adult Social Care	Mr X complained about the Council's actions over the assessment of his care needs and the reduction in support to seven hours a week	The LGO found that the Council took suitable action to assess Mr X's care needs and offered a proper level of support, taking into account the support available from his family. However it failed to communicate its offer to Mr X following a review. The Council was entitled to end Mr X's Direct Payment arrangements because of difficulties he had in managing them properly.	<p>The Council agreed to offer apologies for its failure to set out in writing to Mr X the outcomes from the review and the support it could offer him; and for not being more proactive in responding to his wish to complain.</p> <p>The Council further agreed to review its procedures for communicating with clients and recording meetings to ensure that proper records are kept of key discussions on assessments, reviews and support and that clients receive timely written outcomes</p>
14	Communities – Adult Social Care	Mr B complained about the way the Council responded to his complaints about poor quality care provided by Council care workers to his aunt and uncle.	The LGO found that the Council took appropriate action to deal with reports of poor quality care, but it failed to deal with some of Mr B's complaints properly.	The Council apologised to Mr B for failing to respond to parts of his complaint. The Council agreed to allocate a named officer for Mr B to contact about any future formal complaints. The Council agreed to ensure that when putting Mr B's formal complaints through its complaints procedure it will write to Mr B to confirm the complaints he wants investigated.
15	Communities – Adult Social Care	Mr X complained on behalf of his mother and father, Mr and Mrs Y, that the Council failed to carry out a reassessment of Mrs Y's needs after Mr Y told it of a deterioration in her condition. Mr X also complained that the Council failed to properly explain the direct payment process. Mr Y says that due to the Council's failure he commissioned extra services, which he is was told he must pay for as a private arrangement.	The LGO found that the Council delayed in completing a reassessment of Mr and Mrs Y's needs. It also failed to explain the reductions in payments to Mr Y as a carer.	To remedy the faults identified in this case, the Council agreed to write off the overpayment of £3,016.67
16	Resources – Legal Services	Mr B complained that the Council delayed drafting an agreement under which it would demolish a garage he leased and replace it with a garage on his land, with a right of access along its lane; and now refuses to meet his solicitor's costs, despite originally agreeing to do so.	The LGO found that the Council was responsible for significant delays in drafting an agreement about the demolition and replacement of a garage Mr B leased. The LGO found no fault regarding the payment of legal costs, as the Council is willing to	The Council agreed to apologise and pay Mr B's reasonable conveyancing costs, and £400 towards his negotiation costs as a gesture of goodwill.

			pay his reasonable conveyancing costs.	
17	Communities – Adult Social Care	Mr X complained on behalf of his wife, Mrs X, that the Council placed Mrs X in inappropriate temporary residential care; did not advise Mrs X her home care provider would be funded through direct payments; did not properly or fairly carry out a safeguarding investigation into the home care provider and that neither Mr X nor Mrs X was involved in the Council's investigation.	The Council was at fault when it placed Mrs X in inappropriate residential care, and also at fault in the way it dealt with Mr X's concerns.	The Council apologised and waived the cost for the service so there is no outstanding injustice to Mrs X. Although the Council was at fault in its investigation and consideration of the issues under its safeguarding procedures this did not cause any injustice to Mr or Mrs X.
18	CYPF – Children & Families	Mr X complained that there was fault in the Council's handling of a referral from a hospital doctor about a possible non-accidental injury to Mr and Mrs X's baby.	The LGO concluded their involvement on the basis that the Council accepted its communication with Mr and Mrs X while investigating a possible non-accidental injury to their baby was not good enough; accepted it should also have considered managing the risk to their other baby differently; and agreed to make a payment to recognise these faults and delay in dealing with complaint.	In addition to the apologies already given, the Council agreed to make £500 payment in recognition of the avoidable additional distress caused by its poor communication with Mr and Mrs X and its failure to consider alternative placement of their other baby; and the avoidable distress and time and trouble caused by the protracted handling of the complaint.
19	Communities – Adult Social Care	Mr X complained about the care and treatment of his late father-in-law Mr A in a care home where the Council placed him for respite care.	The LGO found that the care home where Mr A was placed by the Council could not meet his increasing needs. The Council arranged a long-term placement for him in a suitable home, but an outbreak of norovirus prevented the move. Mr A was admitted to hospital and died before the move could be rearranged. The LGO found that the Council failed to ensure that carers at the respite	The Council agreed to: <ul style="list-style-type: none"> • provide evidence of steps it has taken to improve training. • to apologise and make the family a payment of £1,500 in acknowledgement that it failed to ensure proper training for care staff and so failed Mr A in his last placement; • to acknowledge the delay in completing the safeguarding investigation and the time and trouble caused in making this complaint.

			home were properly trained to meet the needs of people with advanced dementia. The Council also failed to respond to Mr X's complaint after Mr A's death once the safeguarding investigation was complete.	
20	CYPF – Children & Families	Mrs A complained that the Council's stage 2 complaint adjudication response failed to identify the full extent of fault and did not offer enough remedy for fault.	The LGO found that the Council, based on the findings and recommendations of an independent investigation, identified the fault involved in Mrs A's complaint and has suitably remedied much of the fault. To fully remedy fault, the LGO recommended an additional payment.	In addition to the remedies/learning already agreed when responding at stage 2 of the Children Act complaints procedure, the Council agreed to fully remedy the fault by making the daughter a payment of £500 to compensate for delay in carrying out robust assessment of her needs in the period 2012 - 2013. The Council will act as trustee for the money which will be used up until her 20 th birthday on any activity/ equipment which furthers her social and independent living skills.
21	Communities – Adult Social Care	Mrs D complained about the way the Sheffield Health and Social Care NHS Foundation Trust and Council dealt with her application for a personal budget. In particular the Trust/Council did not take enough action after upholding her complaint about her personal budget in March 2014 and did not fully implement the complaint investigation recommendations.	The LGO found that the Council and the Trust did not work quickly to provide a remedy following an upheld complaint. As a result Ms D has not had access appropriate social care support.	The Council and Trust apologised and paid £27,000 (the Council paid half of this amount) to acknowledge costs Ms D has incurred and the impact of not having an appropriate budget in place. The Council and Trust should agree Ms D's budget and disregard the payment when assessing this budget. The Council and Trust agreed to produce an action plan addressing these faults.
22	Communities- Council Housing	Miss B complains that the Council unreasonably suspended her from its choice-based lettings scheme due to disputed rent arrears from 2001/02. The Council can no longer take legal action to recover the debt and so Miss B believes it is unfair to use this debt as a reason to suspend her from the scheme.	The LGO found there was fault by the Council in taking no action to recover a housing debt from Miss B for ten years, failing to link the debt to her during four subsequent re-housing applications, failing to notify her of the arrears and then suspending her from the housing register.	The Council agreed after taking account of its failings along with Miss B's health problems that it was appropriate to write off the debt. The LGO considered it a reasonable way of resolving the complaint and asked the Council to reinstate Miss B's housing registration as soon as possible. The LGO noted the Council had taken a number of steps over the past five years to improve identification of former tenant arrears and in the support it provides to vulnerable customers.



Audit & Standards Committee Report

Report of: Mark Bennett, Director of HR and Customer Services/ Gillian Duckworth, Director of Legal Services

Date: 16 November 2017

Subject: Annual Ombudsman Complaints Report 2016/17

Author of Report: Andrew Fellows

Summary:

This report provides an overview of the complaints received, and formally referred and determined by the three Ombudsmen (Local Government Ombudsman, Parliamentary & Health Service Ombudsman and Housing Ombudsman) during the twelve months from 1 April 2016 to 31 March 2017.

The report also identifies future developments and areas for improvement in complaint management.

The report is jointly presented by the Director of Legal Services and the Director of HR and Customer Services, who are respectively the Council's Monitoring Officer, and the Director responsible for managing the Complaints Service.

Recommendations:

The Audit & Standards Committee is asked to consider the Annual Ombudsman Report in order to provide its view on the performance of Ombudsman complaints and the issues raised.

Background Papers:

None

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
NO Cleared by: Pauline Wood
Legal Implications
NO Cleared by: Nadine Wynter
Equality of Opportunity Implications
NO
Tackling Health Inequalities Implications
NO
Human rights Implications
NO:
Environmental and Sustainability implications
NO
Economic impact
NO
Community safety implications
NO
Human resources implications
NO
Property implications
NO
Area(s) affected
None
Relevant Cabinet Portfolio Lead
Cabinet Member for Finance & Resources
Relevant Scrutiny Committee if decision called in
Not applicable
Is the item a matter which is reserved for approval by the City Council?
NO
Press release
NO

Annual Report Ombudsman Report

1.0 INTRODUCTION

- 1.1 Sheffield City Council's Corporate Plan includes a priority on being ***An in Touch Organisation***. This means listening to customers and being responsive, so that services are designed to meet the diverse needs of individuals. The effective handling of customer complaints across the organisation supports this priority and enables the Council to be open and transparent, respond in the right way, make the best use of resources, and make well-informed decisions.
- 1.2 Our overall approach is that we welcome complaints as an opportunity to improve our services. Indeed, our definition of a complaint is "any expression of dissatisfaction whether justified or not", which is deliberately wide to ensure that complaints are recognised and are properly addressed.
- 1.3 The Customer Feedback & Complaints Team in Customer Services is responsible for the development and implementation of policy and procedures on complaints. In addition, the Team acts as the Council's liaison point with the Local Government Ombudsman (LGO), Housing Ombudsman (HO) and Parliamentary & Health Service Ombudsman (PHSO).
- 1.4 The three Ombudsmen provide a free, independent and impartial service. They consider complaints about the administrative actions of local authorities. They cannot question what a council has done simply because someone does not agree with it. However, if they find something has gone wrong, such as poor service or service failure, and that a person has suffered as a result, they aim to get it put right by recommending a suitable remedy.
- 1.5 The LGO's powers are set out in the Local Government Act 1974, as amended. The HO's powers are set out in the Housing Act 1996, as amended. The PHSO's powers are set out in the Parliamentary Commissioner Act 1967, as amended, and the Health Service Commissioners Act 1993, as amended.

2.0 SUMMARY

- 2.1 This report provides an overview of the complaints received, and formally referred and determined by the Ombudsman during the twelve months from 1 April 2016 to 31 March 2017.
- 2.2 The report also identifies future developments and areas for improvement in complaint management.
- 2.3 The report is jointly presented by the Director of Legal Services and the Director of HR and Customer Services, who are respectively the Council's Monitoring Officer, and the Director responsible for managing the Complaints Service.

3.0 MAIN BODY OF THE REPORT

3.1 Overview

Since the Council's Complaints Policy was revised in April 2014, there has been a marked decline in the number of formal complaints recorded on the Council's complaints management system, with the number plateauing out over the period 1 April 2015 to 31 March 2017.

3.2 In 2013/14, there were 906 formal complaints about Council Portfolios. The figure fell to 684 in 2014/15 (the year of the policy change); 561 in 2015/16; and 560 in 2016/17.

3.3 To some extent, this fall can be attributed to the introduction of the 'problem solving' approach to complaints. This approach is intended to promote early resolution, and a less bureaucratic way of dealing with complaints. Therefore, based on the fall in the number of recorded complaints, the policy change can be seen to be a success.

3.4 However, looking at formal complaint numbers recorded about the two statutory social care areas over the last four years, these have remained reasonably static, and now account for over half of formal complaints recorded, having accounted for a third in 2013/14.

	2013/14	2014/15	2015/16	2016/17
Adults	210	151	152	159
Children's	122	111	88	137
Total	332	262	240	296

3.5 Meanwhile, the number of complaints recorded by services under the corporate complaints process has fallen significantly. For example:

	2013/14	2014/15	2015/16	2016/17
Place	284	191	112	97
Resources	200	50	40	40
Capita	403	164	55	24

3.6 At the same time, the number of Local Government Ombudsman (LGO) enquiries has risen by around a third:

	2013/14	2014/15	2015/16	2016/17
Ombudsman enquiries	101	123	143	136

3.7 An explanation for this is that while the statutory social care complaints are recorded by the Customer Feedback & Complaints Team, complaints about other services are recorded by the services themselves. This may mean that some formal complaints are not being routinely recorded on the complaints management system. Where issues of non-recording are identified, the Customer Feedback & Complaints Team works with service managers, client managers and performance leads to promote good practice in complaints recording.

- 3.8 Turning to complaints dealt with by the Ombudsman, the Council's Customer Feedback & Complaints Team recorded a total of 136 separate enquiries made by the Ombudsman during 2016/17- a decrease of seven from the 2015/16 figure of 143.
- 3.9 The service areas that generated the largest number of Ombudsman enquiries during 2016/17 were Streets Ahead (29), Adult Social Care (19) and Council Housing (18). The figures for Adult Social Care and Streets Ahead are broadly the same as the previous year. However the figure for Council Housing dropped from 25 to 18. The largest increase was about the Housing Benefits service – up from 4 to 10.
- 3.10 The Ombudsman reported that 175 enquiries were received about the Council during 2016/17, compared with 199 in 2015/16. This figure is higher than the 136 recorded by the Council's Customer Feedback & Complaints Team because it includes, for example, people who made a 'premature' complaint to the Ombudsman and who were signposted back to the Council, but who never contacted us.
- 3.11 Based on the way the Ombudsman categorises local authority services, the highest number of enquiries about the Council were about Highways & Transport (50); Education & Children's Services (36); and Adult Social Care (33).
- 3.12 Enquiries about Highways & Transport increased for the fifth year in a row, and now account for 29% of Ombudsman enquiries, having accounted for 10% in 2012/13:

	2012/13	2013/14	2014/15	2015/16	2016/17
Highway & transport enquiries	10	25	34	40	50

- 3.13 It is important to note that not all Ombudsman enquiries lead to a formal investigation. In fact, of the 136 enquiries recorded by the Council's Customer Feedback & Complaints Team in 2016/17, three-quarters were not formally investigated.
- Of the 35 that were formally investigated, the highest numbers were about Adult Social Care (12), Streets Ahead (10) and Education (6).
- 3.14 During 2016/17, the LGO determined that there was maladministration in 20 cases: 8 related to Adult Social Care; 7 related to Highways & Transport; 3 related to Education & Children's Services; 1 related to Benefits & Council Tax; and 1 related to Customer Services. The HO also determined maladministration in 2 complaints about Housing Repairs. Details of these complaints are set out in Appendix B.
- 3.15 In total, the Council paid £15,845.50 in compensatory payments and other reimbursements following Ombudsman enquiries (£12,460.50 of this related to reimbursement of expenses incurred in transporting a child to school). This

compares with £46,490.97 paid in 2015/16.

- 3.16 Looking at how Sheffield City Council compares with other local authorities, the Ombudsman reported that enquiries fell across all core cities in 2016/17, with the exception of Manchester.
- 3.17 In resolving complaints, we aim to work with the customer to try to achieve their preferred outcome, and when appropriate we will apologise. When the Council is at fault, we will aim to resolve the complaint by putting the customer back into the position they would have been in had the fault not occurred, or by offering another remedy if this is not possible.
- 3.18 We also aim to learn from complaints, so that we do not repeat the same problem, and the table at Appendix B includes full details of the remedies, improvements and changes that have been made following Ombudsman investigations. Examples include:
- **Special Educational Needs** – during 2016/17, and into the current year, the Ombudsman made a number of enquiries about delays in providing children with Education, Health and Care Plans. The Ombudsman has indicated that a Public Report is likely to be published about service failings in this area. Senior managers in the People Portfolio have developed plans to address the issues raised and improve performance, and are working with Legal Services and the Customer Feedback & Complaints Team in relation to the Ombudsman's enquiries.
 - **Adult Social Care** – a number of complaints about Adult Social Care in 2016/17 identified problems with the way the complaint itself had been handled. As a result, the Customer Feedback & Complaints Team has worked with senior managers in the service to put in place an improvement plan. This includes training for managers on the process, and improved monitoring of complaints.

Future developments

- 3.19 Nationally, the proposal to create a single Public Service Ombudsman (PSO) to replace the LGO and the PHSO has been placed before Parliament as a Draft Bill. However, at present, the timescale for legislating on this is not clear. Despite this, the LGO and PHSO are working closely together on their approach to complaint handling.
- 3.20 The proposed creation of a PSO is welcomed as it will support better handling of complaints that have been escalated beyond the Council.
- 3.21 At a local level, the following have been identified by the Customer Feedback & Complaints Team as actions and areas for improvement during 2017/18:
- Work with Directors, service managers, client managers and performance leads to ensure compliance with the Complaints Policy in relation to the logging of complaints and recording of outcomes.

- Continue to work with client managers to improve reporting on complaints concerning Amey, Capita and Veolia
- End the collection of customer satisfaction data, and instead undertake analysis of escalated complaints to better understand reasons for escalation. This will be reported in the Annual Report for 2017/18
- Further develop the complaints web-form to improve the routing of complaints to enhance opportunities to problem solve complaints
- Work with the People Portfolio to improve access to the complaints procedure for Children & Young People

4.0 RECOMMENDATIONS

- 4.1 The Audit & Standards Committee is asked to consider the Annual Ombudsman Report in order to provide its view on the performance of Ombudsman complaints and the issues raised.

OMBUDSMAN COMPLAINTS

The Customer Feedback & Complaints Team keeps a record of the enquiries made by Ombudsman about services provided by Sheffield City Council, both directly and through partners. The table below shows the enquiries made about the Council during 2016/17.

Portfolio/ Partner	Service area	Formal premature referrals	Considered without formal enquiries	Formal enquiries made	Totals 2016/17	Totals 2015/16
Communities	Social Care - Adults	3	4	12	19	21
	Council Housing	6	10	2	18	25
	Housing - Other	2	1	0	3	2
Children, Young People & Families	Social Care - Children's	3	4	2	9	5
	Education	3	6	6	15	20
Place	Building Control	0	0	0	0	0
	Environmental Services	0	1	0	1	3
	Parking Services	1	6	0	7	12
	Planning	2	0	0	2	5
	Highways	1	4	0	5	4
	Land/property	0	3	0	3	1
	Licensing	0	0	0	0	1
Resources	Trading Standards	0	0	0	0	0
	Customer Services	1	1	1	3	2
	Legal	1	3	0	4	0
	BIS	0	2	0	2	0
Amey	Other	0	0	0	0	2
	Streets Ahead	1	18	10	29	27
Capita	Benefits	3	1	1	5	8
	Revenues	3	6	1	10	4
Veolia	Waste Management	0	1	0	1	1
Totals		32	66	35	136	143

There was an overall decrease in the number of Ombudsman enquiries from 143 to 136, with the number of formal enquiries reducing from 37 to 35. In most service areas, the number of enquiries fell. Two areas that saw an increase in enquiries were Council Tax and children's social care. In common with other local authorities, the highest number of formal enquiries was about adult social care.

The Council's average response time to Ombudsman formal enquiries in 2016/17 was **20 working days**, which meets the target set by the Ombudsman. 74% of formal enquiries were dealt with in the 20 day target, which is an improvement from 50% in 2015/16.

In the Annual Review Letter, the Ombudsman has reported that 175 enquiries were received about the Council during 2016/17. This figure is significantly higher than the 136 reported in the table above because it includes, for example, people who have made a premature complaint to the Ombudsman and who been signposted back to the Council by the Ombudsman, but who never contacted us.

The table below shows what the Ombudsman's 175 enquiries were about, compared with the previous two years.

Ombudsman subject category	2014/15	2015/16	2016/17
Adult Social Care	38	32	33
Benefits and Tax	24	24	20
Corporate and other	8	12	6
Education and Children's Services	33	34	36
Environmental Services & Public Protection	18	23	4
Highways & Transport	34	40	50
Housing	22	25	16
Planning & Development	11	8	10
Total	188	199	175

At the end of the enquiry or investigation, the Ombudsman provides a decision. The table below provides details of the decisions over the last three years.

Ombudsman decisions	2014/15	2015/16	2016/17
Closed after initial enquiries - out of jurisdiction	24	19	19
Closed after initial enquiries - no further action	26	44	43
Not Upheld	25	27	21
Upheld: No further action/no injustice	3	1	5
Upheld: Maladministration and Injustice	16	20	15
Report	0	1	0
Total	94	112	103

How we compare

The table below compares the number of complaints received by the LGO across the Core Cities based on information provided by the LGO in his Annual Review Letter.

	Number enquiries received 2015/16	Number enquiries received 2016/17	% increase/ decrease (+ / -)	Number of detailed investigations 2016/17	Number of complaints upheld 2016/17	Upheld rate 2016/17	Number of complaints per 1000 population
Birmingham	523	452	-13%	101	63	62%	0.41
Bristol	183	156	-15%	39	22	56%	0.36
Leeds	217	201	-7%	51	30	59%	0.27
Liverpool	180	163	-9%	42	24	57%	0.35
Manchester	140	144	+3%	15	5	33%	0.27
Newcastle	68	66	-3%	11	8	73%	0.22
Nottingham	105	100	-5%	23	8	35%	0.31
Sheffield	199	175	-12%	41	20	49%	0.30

Appendix B

A summary of the **22** complaints which were upheld by the Local Government Ombudsman and Housing Ombudsman during 2016/17 is provided below.

	Service/ Partner	Complaint	Ombudsman Finding/Investigation Outcome	Remedy/Service Improvements
	1. Adult Social Care	Mrs X complained that the Council refused to acknowledge her mother's dementia, ignored professional diagnoses, took too long to investigate her complaint, and will not allow her access to her mother's records. She says the Council's actions have damaged her relationship with her mother.	The Ombudsman found faults in the way the Council considered and investigated safeguarding allegations about Mrs X, and the Council has acknowledged and apologised for those. The Council was not at fault in carrying out the investigation itself however.	The Council has agreed to make Mrs X a £500 payment in acknowledgement of the delay in making progress with the safeguarding investigation and responding to Mrs X's complaint. The Council also agreed to share its action plan following its review of practices.
Page 167	2. Capita	Mr A complained about the way the Council handled his council tax account and dealt with his claim for council tax support.	The Ombudsman concluded that the Council was not at fault in the way it initially took recovery action against Mr A for non-payment of council tax. The Council was at fault for overlooking a backdating request, delayed responses to other requests and taking action which resulted in a final reminder Mr A that should not have received.	The Council has agreed to pay Mr A £150 to acknowledge his time and trouble dealing with his council tax account. The Council agreed to complete a review of how information is passed between the Council Tax Section and Benefits Service.
	3. Parking Services	Mr B complained about how the Council handled his complaint about a penalty charge notice issued to his partner, Miss C, for a parking contravention.	The Council accepted there was delay in responding to some of Mr B's emails. It also did not provide any final response to his complaint because the penalty charge notice had been paid and the matter closed. The Council offered to refund £35 to Miss C to recognise the delay and failure to provide a complaint response.	The Ombudsman decided not to investigate the complaint, as he considered the Council's offer a reasonable remedy for any injustice caused to Mr B or Miss C.
	4. Streets Ahead	Mr X complained that the Council replaced a street light near his property without consultation and is refusing to move it from outside his window.	The Council accepted the street light was not positioned according to the design plan and confirmed it would arrange for the new street light to be relocated to the position shown on the design plan.	The Council relocated the street light and issued a written apology to Mr X. The Ombudsman considered this provided a satisfactory remedy for the complaint.

	Service/ Partner	Complaint	Ombudsman Finding/Investigation Outcome	Remedy/Service Improvements
	5. Council housing	Mr Y complained about the Council's handling of a leak into his flat.	The Ombudsman found that there were missed opportunities to thoroughly review the case and respond within the complaints procedure, and that this could have resulted in a resolution at an earlier stage. Whilst the contractors' insurers made Mr Y an offer in full and final settlement of the claim for damages to his belongings, this was made over a year after Mr Y had first raised his complaint.	The Ombudsman ordered the Council to pay compensation of £150 to Mr X (£100 in recognition of the inconvenience caused by the delay in resolving the leak and £50 in recognition of Mr X's time and trouble in pursuing the complaint).
6.	Adult Social Care	Mrs D complained that the Council failed to properly investigate safeguarding concerns about her mother, Mrs E's, care. She also complained it failed to respond to her complaint in a timely manner.	The Ombudsman found that the Council failed to provide Mrs E with domiciliary care in line with her care plan, which caused her distress. It was also delayed in responding to Mrs D's complaint.	<p>After considering Mrs E's personal circumstances, the period of time she experienced distress and the number of failings in Mrs E's care, the Council agreed to pay Mrs E £600 in recognition of the distress she has experienced and poor care she has received; and pay Mrs D £200 in recognition of the uncertainty and distress she has experienced and the time and trouble in pursuing her complaint.</p> <p>The Council also agreed to:</p> <p>a) remind all care providers that it is a contractual and legal requirement to keep accurate records and provide these to the Council on request</p> <p>b) instruct all care providers to confirm that the above requirement is part of the induction for staff, and that they must reinforce this to all staff.</p>
7.	Adult Social Care	Ms Z complained that the Council did not follow its own procedures when its commissioned care provider proposed to withdraw its service from her mother, Mrs Y.	The Ombudsman found the Council was at fault as it did not follow its procedures when Mrs Y's care provider gave notice to end its service to her, but concluded this did not cause significant injustice to Ms Z and Mrs Y. The Ombudsman also found fault as the	The Council agreed to send a written apology to Ms Z for the avoidable time and trouble caused by its delay in responding to her complaint. The Council also agreed to ensure it follows its procedures on home care re-provision in the event it

	Service/ Partner	Complaint	Ombudsman Finding/Investigation Outcome	Remedy/Service Improvements
			Council delayed significantly in responding to Ms Z's complaint, which caused avoidable time and trouble to her.	receives notices from a care provider to end its service to a service user.
8.	Customer Services	Ms N complained about the Council's decision to refuse her an application for a disabled person's travel pass.	The Ombudsman found the Council was at fault for the way it handled Mrs N's application for a disabled travel pass.	The Council agreed to apologise to Mrs N, award her a pass, and pay £150 for her time and trouble. In the absence of its own policies, the Council also agreed to follow the national guidance and check for any additional persons also affected by this fault.
9.	Special Educational Needs	Mrs X complained that the Council delayed in providing her daughter, H, with a finalised Education, Health and Care Plan; misinformed her and delayed in dealing with her requests for a personal budget; and did not provide H with a suitable education while she was out of school from October 2015.	The Ombudsman found the Council was at fault when it took too long to finalise H's Education, Health and Care Plan and deal Mrs X's complaints.	In addition to the action already taken by the Council (an apology and agreement to change the information it provides parents), the Council agreed to make Mrs X a financial payment of £300 for the stress and frustration it has caused her.
10.	Council Housing	Mr B complained about the Council's response to his request for compensation in relation to disrepair in his property and belongings damaged by damp.	The Ombudsman found there was some delay in the fitting of fans in the property.	The Ombudsman ordered the Council to make Mr B a payment of £100 in recognition of the shortfalls in service he experienced relating to the fitting of fans. The Ombudsman saw no justification to order the Council to increase the goodwill payment of £450 it had already offered in respect of damage to belongings.
11.	Adult Social Care	Mr A complained that the Council promised to consult his daughter (Ms C) before changing her care provider, but failed to do so.	The Ombudsman found that the Council should have involved Ms C in a consultation about a new care provider, and its failure to do so was fault, causing distress.	To remedy the injustice, the Council apologised and paid Ms C £100 for the avoidable distress this caused her.
12.	Adult Social Care	Mr Y complained that the care agency who provided a care service for his elderly aunt and uncle (Mr and Mrs B)	The Ombudsman noted that the Council had acknowledged that on occasions there were shortcomings in the timing and	The Ombudsman concluded the Council's actions had already remedied the injustice caused by poor service and there was no

	Service/ Partner	Complaint	Ombudsman Finding/Investigation Outcome	Remedy/Service Improvements
		turned up late for calls, left his aunt in a soiled or wet state, and failed to complete Medical Administration Records (MAR) contemporaneously.	<p>delivery of care calls; and had apologised for this, and adjusted the payments made accordingly.</p> <p>The Ombudsman found evidence that the Council had followed up with the agency, instances where Mr X reported late or unsatisfactory calls. Those actions remedied the injustice caused by late calls. There was no evidence available to investigate properly the allegations that MAR charts were not kept properly.</p>	reason for the Ombudsman to pursue the complaint further. The agency no longer provides a service to Mr and Mrs B.
13.	Special Educational Needs	Mr and Mrs H complained that the Council had refused to backdate beyond April 2015 the expenses they had incurred in transporting their child to the school named in her statement of special educational needs.	The Ombudsman found the Council was at fault in failing to provide home to school transport or payment for this to the school named in a statement of special educational needs.	<p>The Council issued a formal apology; reimbursed Mr and Mrs H for the distance travelled in transporting their daughter to and from school between October 2013 and April 2015 (£12,460.50) and paid them an additional £200 in recognition of the time and trouble they have been put to in pursuing this matter and in recognition of the delay in providing the financial support they were entitled to.</p> <p>The Council confirmed it has improved its practice in initial travel assessments to ensure that similar failings do not reoccur, but has further agreed to review out of city placements for other children where these have not been subject to review at tribunal.</p>
14.	Adult Social Care	Mrs Y complained on behalf of her mother, Mrs S, that the Council failed to respond to her complaint in a timely and comprehensive manner; failed to provide her with weekly information about care provided to her mother; failed to respond to emails and phone	The Ombudsman found the Council was at fault for not having an adequate invoicing system and that it failed to communicate properly with Mrs Y during the complaint.	<p>The Council had already apologised for failing to communicate properly with Mrs Y about its complaint handling, but agreed to take the following further action:</p> <p>a) Provide Mrs Y with electronic timesheets until the new invoicing system</p>

	Service/ Partner	Complaint	Ombudsman Finding/Investigation Outcome	Remedy/Service Improvements
		calls and provide reassurance that care was being properly provided; and prevented Mrs Y from speaking to certain officers and did not communicate with Mrs Y in a professional manner.		is in place. b) Remind officers about the importance of returning calls and emails from service users and their families; and to tell service users and their families about any delay and when they will be in a position to provide a substantive response; c) Review the outcome of this complaint and the issues identified in the implementation of its complaints procedure. The Council should remind officers to tell complainants if there is a change in the length of time it will take the Council to deal with a complaint. It should also update the complainant about timescales. The Council should also tell complainants if for whatever reason it decides not to investigate the whole or part of a complaint.
15.	Adult Social Care	Mrs A complained on behalf of her sister, Mrs X, that there was not enough help trying to find a care provider, and the social worker made mistakes on the support plan.	The Ombudsman found the Council was at fault because it did not do enough to help Mrs X find another care agency to support her, and it took too long to authorise a support plan. For a short period of time, Mrs X did not receive a care call.	The Council agreed to remedy the injustice by apologising to Mrs X and pay her £100 in recognition of her inconvenience.
16.	Adult Social Care	Mr X complained on behalf of his brother, Mr Y, that the Council failed to provide suitable care; failed to adequately support Mr Y to engage fully with his family; failed to deal properly with the allegation that a care worker punched him in the eye; and failed to respond effectively to Mr X's complaints about these issues.	The Ombudsman found the Council was at fault when it failed to provide suitable care to Mr Y through the care provider. The Council also failed to adequately support Mr Y to engage fully with his family. It also failed to involve Mr X in deciding about Mr Y moving home and failed to respond effectively in full to Mr X's complaints about these issues until December 2015. The Ombudsman did not find the Council was at fault in the way it dealt with the	The Council agreed to pay Mr Y £250 for the increased risk of harm it caused him due to the poor quality of care from the original care provider; and pay Mr X and Mr Y £100 each for the opportunities they lost because the original care provider failed to fully support Mr Y's engagement with the family; pay Mr X £100 for his time and trouble in bringing his complaints over at least three years. The Council has further agreed to ensure that Mr Y's support plan is properly implemented by

	Service/ Partner	Complaint	Ombudsman Finding/Investigation Outcome	Remedy/Service Improvements
			allegation that a care worker punched Mr Y in the eye.	the current care provider.
17.	Streets Ahead	Mrs Z complained that the Council replaced a streetlight outside her house, moving its position, without consulting local residents. She complained this had obstructed her greatly valued view. Since starting work the Council refused to consider moving the light or to meet with her to discuss the matter.	The Ombudsman found no fault in the Council's installation of a replacement streetlight opposite Mrs Z's home. However, he did find fault in how the Council dealt with Mrs Z, including how her complaint was dealt with.	The Council agreed to write to Mrs Z to apologise for giving confusing and contradictory advice on whether, and by how much, the streetlight could be moved. The Council also agreed to consider how to give clearer and more consistent guidance on its flexibility to consider adjustments to lighting column installation in future.
18.	Streets Ahead	Mrs X complained the Council had put a street light outside her property without considering the impact this will have on light coming into her bedroom window. Mrs X also complained that the Council had treated her complaint in a dismissive and unprofessional way.	The Ombudsman found that the Council failed to redress the impact of new street lighting on Mrs X's property in a timely manner and the time taken to reduce the impact of the street light on Mrs X's property was excessive and amounted to fault.	The Council agreed to apologise and pay Mrs X £250 in recognition of the excessive time taken to resolve the impact of the new street light on her property.
19.	Streets Ahead	Ms B complained that the Council was at fault for installing a new streetlight outside of her property which shines into her bedroom making it difficult to sleep at night. She complained the Council has provided her with conflicting information and has been slow to correct the fault and to respond to her complaint. She complained the Council has also re-classified her road as an urban route.	The Ombudsman found the Council was at fault for providing Ms B with the wrong information about recommended light intensity levels for a street light outside of her property. This resulted in her pursuing her complaint six months longer than she needed to.	The Ombudsman closed her investigation on the basis the light level now falls below the recommended maximum light intensity and the Council did not need to take any further action to reduce it.
20.	Children and Families	Miss X complained that the Council had refused to consider her historic complaint that social workers failed to provide adequate support.	The Ombudsman found the Council was wrong to at first refuse to consider the complaint about the substantive matters.	The Council revisited its decision and agreed to deal with Miss X's complaint about actions by social services when she was a child.

	Service/ Partner	Complaint	Ombudsman Finding/Investigation Outcome	Remedy/Service Improvements
21.	Streets Ahead	Mr A complained that the Council placed a street light in the middle of a tree.	The Ombudsman did not start an investigation because in response to initial enquiries the Council decided to reconsider the complaint and to move the street light.	Officers visited the site and decided to move the light to the other side of the road.
22.	Parking Services	Mr X complained that the Council ignored emails he sent about a Penalty Charge Notice.	The Ombudsman did not start an investigation because in response to initial enquiries the Council explained it had found Mr X's emails and agreed to find out what went wrong; apologise to Mr X and cancel the PCN.	The Council cancelled the PCN and apologised to Mr X. The Council also agreed to review what went wrong.



Audit & Standards Committee Report

Report of: Mark Bennett, Director of HR and Customer Services/ Gillian Duckworth, Director of Legal Services

Date: 17th October 2019

Subject: Annual Ombudsman Complaints Report 2018/19

Author of Report:

Summary:

This report provides an overview of the complaints received, and formally referred and determined by the three Ombudsmen (Local Government & Social Care Ombudsman, Parliamentary & Health Service Ombudsman and Housing Ombudsman) during the twelve months from 1 April 2018 to 31 March 2019.

The report also identifies future developments and areas for improvement in complaint management.

The report is jointly presented by the Director of Legal Services and the Director of HR and Customer Services, who are respectively the Council's Monitoring Officer, and the Director responsible for managing the Complaints Service.

Recommendations:

The Audit & Standards Committee is asked to consider the Annual Ombudsman Report in order to provide its view on the performance of Ombudsman complaints and the issues raised.

Background Papers:

LGSCO Annual Letter

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
Legal Implications
Equality of Opportunity Implications
NO
Tackling Health Inequalities Implications
NO
Human rights Implications
NO:
Environmental and Sustainability implications
NO
Economic impact
NO
Community safety implications
NO
Human resources implications
NO
Property implications
NO
Area(s) affected
None
Relevant Cabinet Portfolio Lead
Cabinet Member for Finance & Resources
Relevant Scrutiny Committee if decision called in
Not applicable
Is the item a matter which is reserved for approval by the City Council?
NO
Press release
NO

Annual Report Ombudsman Report

1.0 INTRODUCTION

- 1.1 The effective handling of customer complaints across the organisation enables the Council to be open and transparent, respond in the right way, make the best use of resources, and make well-informed decisions.
- 1.2 We welcome complaints as an opportunity to improve our services. Indeed, our definition of a complaint is “any expression of dissatisfaction whether justified or not”, which is deliberately wide to ensure that complaints are recognised and are properly addressed. We also encourage positive feedback on the services we provide.
- 1.3 The Customer Feedback & Complaints Team in Customer Services is responsible for the development and implementation of policy and procedures on complaints. In addition, the Team acts as the Council’s liaison point with the Local Government & Social Care Ombudsman (LGSCO), Housing Ombudsman (HO) and Parliamentary & Health Service Ombudsman (PHSO).
- 1.4 The Ombudsmen provide a free, independent and impartial service. They consider complaints about the administrative actions of local authorities. They cannot question what a council has done simply because someone does not agree with it. However, if they find something has gone wrong, such as poor service or service failure, and that a person has suffered as a result, they recommend a suitable remedy.
- 1.5 The LGSCO’s powers are set out in the Local Government Act 1974, as amended. The HO’s powers are set out in the Housing Act 1996, as amended. The PHSO’s powers are set out in the Parliamentary Commissioner Act 1967, as amended, and the Health Service Commissioners Act 1993, as amended.
- 1.6 Overall, the Council and its strategic delivery partners (Capita and Veolia) dealt with 3,042 complaints through the formal complaints process in 2018/19. The LGSCO has reported that 165 enquiries were received about the Council and its strategic delivery partners during 2018/19. Our records show the Housing Ombudsman made enquiries/investigations into 12 complaints.

2.0 SUMMARY

- 2.1 This report provides an overview of the complaints received, and formally referred and determined by the Ombudsmen during the twelve months from 1 April 2018 to 31 March 2019.
- 2.2 The report also identifies future developments and areas for improvement in complaint management.
- 2.3 The report is jointly presented by the Director of Legal Services and the Director of HR and Customer Services, who are respectively the Council’s Monitoring Officer, and the Director responsible for managing the Complaints Service.

3.0 MAIN BODY OF THE REPORT

3.1 Overview

In 2018/19, there were 710 'formal' complaints about Council Portfolios. This is an increase on the numbers received the previous two years.

	2016/17	2017/18	2018/19
People	307	375	361
Place	222	238	303
Resources (inc. PPC)	31	70	46
Total	560	683	710
Amey	2398	2164	1744
Capita	24	76	228
Veolia	287	187	360
Total inc. partners	3269	3110	3042

3.2 The Council's Customer Feedback & Complaints Team recorded a total of 137 complaints received by the LGSCO and HO during 2018/19, a similar level to the 136 received the previous year. A breakdown by service area is provided at Appendix A (Table 1).

3.3 The LGSCO reported that 165 enquiries were received about the Council during 2018/19, compared with 186 in 2017/18. A breakdown is provided at Appendix A (Table 2). The number reported by the LGSCO is higher than the number recorded by the Council's Customer Feedback & Complaints Team because it includes, for example, people who have made an 'incomplete or invalid' complaint or cases where advice was given but details not shared with the Council.

	2016/17	2017/18	2018/19
LGSCO enquiries	136	186	165

3.4 The service areas that generated the largest number of Ombudsman enquiries during 2018/19 were Streets Ahead (25), Adult Social Care (19), Council Housing and Repairs (15) and Education- SEN/Admissions (15). These numbers are broadly the same as the previous year, with the exception of the figure for Streets Ahead which dropped from 29 to 25.

3.5 It is important to note that not all Ombudsman enquiries lead to a formal investigation. In fact, of the 137 enquiries recorded by the Council's Customer Feedback & Complaints Team in 2018/19, 68% were concluded without a formal investigation. Of the 44 that were formally investigated, the highest numbers were about Council Housing and repairs (10), Streets Ahead (10) and Education (8).

3.6 The Council's average response time to preliminary enquiries in 2018/19 was 8 days and its average response time to initial formal enquiries in 2018/19 was 24 working days. The latter exceeds the 20 working day target set by the

Ombudsman. Only 35% of formal enquiries were being responded to within the 20 working day target. This is a drop in performance from 52% in 2017/18 and is mainly due to late service comments/information.

- 3.7 In resolving complaints, we aim to work with the customer to try to achieve their preferred outcome, and when appropriate we will apologise. When the Council is at fault, we will aim to resolve the complaint by putting the customer back into the position they would have been in had the fault not occurred, or by offering another remedy if this is not possible.
- 3.8 During 2018/19, the LGSCO upheld 22 complaints and the HO upheld 3 complaints. A breakdown of all LGSCO/HO decisions is provided at Appendix A (Table 3 and 4). Further details of the upheld complaints and the remedies and service improvements that were agreed are set out in Appendix B.
- 3.9 In total, the Council paid £14,750 in compensatory payments and other reimbursements following Ombudsman enquiries. This compares with £15,845.50 paid in 2017/18.
- 3.10 Looking at how Sheffield City Council compares with other local authorities (see Appendix A - Table 5 and 6), Sheffield City Council saw the highest % reduction in complaints received by the LGSCO than all of the other core cities in 2018/19. In terms of LGSCO recommendations Sheffield City Council, like all the other Core Cities during 2018/19, had a 100% compliance rate but we were 'late' in completing agreed actions in 2 complaints.
- 3.11 We aim to learn from complaints, so that we do not repeat the same problem. Appendix B includes details of the remedies, improvements and changes that have been made following Ombudsman investigations. Examples of key learning/service improvements include:
- Action plan developed for collecting assessed charges from care home residents, rather than allowing care providers to do this. This work ongoing and pre-implementation planning is due to be completed in October 2019 (*Social Care Accounts Service*).
 - Protocols between SCC/CCG/SHSCT developed to include escalation process for complex cases. Autism training arranged for Council and trust staff (*Adult Social Care*).
 - Assistant Service Manager given responsibility for oversight of personal budgets to ensure that they are addressed in an appropriate manner going forward. Communication to all staff that personal budgets should remain in place until the point where a change is agreed through an Annual Review. Separate communication to finance colleagues that these contracts must remain in place and paid until a formal change is agreed via the EHC Panel. (*SEND Statutory Assessment & Review Service 0-25*)
 - Senior Business Support Officer recruited and Health Single Point of Access (SPA) now within the service. Health provision within service will

expand in the medium term to include clinicians and access to NHS databases. (*SEND Statutory Assessment & Review Service 0-25*)

- Internal processes developed to ensure a decision letter including information about appeal rights it sent to parents/carers when an EHC plan is reviewed and weekly report created to identify “dual school registrations” with start dates. (*SEND Statutory Assessment & Review Service 0-25*)
- Approach to compensation reviewed giving investigating managers discretion to award over £250 in exceptional circumstances. (*Repairs and Maintenance Service*)
- The wording of traffic restriction signs relating to road works amended to read ‘week days’. (*Amey*)
- Number of public leaflets and factsheets produced and published on SCC website i.e. ‘Adult Safeguarding - what to expect’; ‘Best interests meeting’; ‘Assessing mental capacity’; ‘Deprivation of liberty orders’; ‘Independent advocacy’ and ‘Adult Social Care Complaints Procedure’. (*Adult Social Care and Customer Services*)

Future developments

- 3.12 There has been little progress around the proposal to create a single Public Service Ombudsman (PSO) to replace the LGO and the PHSO. The timescale for legislating on this remains unclear.
- 3.13 At a local level, the following have been identified as actions and areas for improvement during 2019/20:
- Review and develop public facing complaints information on SCC website;
 - Review and develop online complaint form to ensure it is easy to use and to ensure effective routing of complaints.
 - Development of CRM system to improve recording and reporting of complaints, compliments and suggestions.
 - Review and develop the information/guidance available to all employees and managers around resolving, investigating, reviewing and responding to complaints.
 - Launch of new half day classroom course “Customer Complaints – Effective Handling” aimed at managers who resolve, investigate and respond to complaints.

4.0 RECOMMENDATIONS

- 4.1 The Audit & Standards Committee is asked to consider the Annual Ombudsman Report in order to provide its view on the performance of Ombudsman complaints and the issues raised.

OMBUDSMAN COMPLAINTS

Table 1: This table shows a breakdown of the 137 ombudsman complaints recorded by the Council's Customer Feedback and Complaints Team during 2018/19.

Table 1:

Portfolio/ Partner	Subject	Formal premature referrals	Considered without Investigation	Formal /detailed investigations made	Totals 2018/19	Totals 2017/18
People	Social Care - Adults	5	9	5	19	18
	Social Care - Children's	9	2	1	12	14
	Education	2	5	8	15	16
	Libraries	0	1	0	1	0
Place	Bereavement Services	0	2	0	2	1
	Council Housing & Repairs	2	3	10	15	15
	Housing - other	2	4	2	8	11
	Environmental Services	1	0	1	2	0
	Parking Services	3	2	0	5	7
	Planning	1	5	3	9	6
	Highways	0	0	0	0	1
	Land/property	0	0	0	0	1
	Licensing	0	1	0	1	0
Resources	Customer Services	0	3	0	3	2
	Legal	0	3	0	3	3
	Business Change & Information Services	0	1	0	1	1
	Miscellaneous	0	0	0	0	1
Amey/Client	Streets Ahead	1	16	8	25	29
Capita	Benefits	2	7	3	12	8
	Revenues	0	0	0	0	2
Veolia/Client	Waste Management	0	1	3	4	0
Totals		28	65	44	137	136

Table 2: This table shows a Breakdown of the 165 complaints/enquiries received by the LGSCO in 2018/19, compared with the previous two years.

LGO subject category	2016/17	2017/18	2018/19
Adult Social Care	33	32	28
Benefits and Tax	20	17	17
Corporate and other	6	14	12
Education and Children's Services	36	46	34
Environmental Services and Public Protection & Regulation	4	17	25
Highways & Transport	50	33	21
Housing	16	16	18
Planning & Development	10	11	10
Total	175	186	165

Table 3: This table shows a breakdown of LGSCO decisions over the last three years.

LGSCO Decisions	2016/17	2017/18	2018/19
Incomplete or invalid	4	9	13
Advice Given	5	3	7
Referred back for local resolution	67	62	51
Closed after initial enquiries	60	65	62
Investigated – not upheld	21	11	13
Investigated - upheld	20	22	22
Report	0	1	0
Total	177	172	168

Table 4: This table shows a breakdown of HO decisions during 2018/19.

HO Decisions	2018/19
Closed after initial enquiries	3
Investigated – not upheld	4
Investigated - upheld	3
Total	10

Table 5: This table compares complaint numbers across the Core Cities based on information provided by the LGSCO in the Annual Review Letters.

	Number enquiries received 2017/18	Number enquiries received 2018/19	% increase/ decrease (+ / -)	Number of enquiries per 1000 population
Birmingham	455	484	+6%	0.42
Bristol	129	136	+5%	0.29
Leeds	189	187	-1%	0.24
Liverpool	147	136	-8%	0.27
Manchester	167	176	+5%	0.32
Newcastle	67	73	+8%	0.24
Nottingham	103	106	+1%	0.31
Sheffield	186	165	-13%	0.28

Table 6: This table compares complaint outcomes across the core cites based on information provided by the LGSCO in the Annual Review Letters.

	Number of detailed investigations 2018/19	Number of complaints upheld 2018/19	Upheld rate 2018/19	Number of complaints where Satisfactory Remedy provided before complaint reached Ombudsman 2018/19 (% of upheld cases)		Compliance with Ombudsman Recommendations 2018/19 (% late compliance)	
Birmingham	100	77	77%	10	(13%)	100%	(4%)
Bristol	18	12	67%	3	(25%)	100%	(0%)
Leeds	47	21	45%	1	(5%)	100%	(9%)
Liverpool	30	22	73%	3	(14%)	100%	(5%)
Manchester	38	21	55%	6	(29%)	100%	(6%)
Newcastle	14	9	64%	4	(44%)	100%	(0%)
Nottingham	26	18	69%	1	(6%)	100%	(0%)
Sheffield	35	22	63%	3	(14%)	100%	(13%)

Appendix B

A summary of the **25** complaints which were upheld by the LGSCO and HO during 2018/19 is provided below.

	Portfolio/ Partner	Complaint	Ombudsman Finding/Investigation Outcome	Agreed Remedy/Service Improvements	Completion of Agreed Remedies
1	Place – Streets Ahead	Mr D complains about the planned removal and replacement of a tree under the Council's 'Streets Ahead' programme.	The Ombudsman found the Council at fault for not giving its independent tree panel all its reasons for wanting to remove this tree and for a misleading reply to an enquiry from Mr D. The Ombudsman considers the faults have caused uncertainty about whether the tree needs removing.	The Council agreed to reconsider its decision as part of a new strategy towards street trees and to apologise to Mr D for misleading him.	Agreed actions completed in timescales - LGSCO has recorded compliance outcome of <i>“Remedy complete and satisfied”</i>
2	Place – Streets Ahead	Ms C complains about the planned removal and replacement of a tree under the Council's 'Streets Ahead' programme.	The Ombudsman found the Council at fault for not giving its independent tree panel all its reasons for wanting to remove this tree and for a misleading reply to an enquiry from Ms C. The Ombudsman considers the faults have caused uncertainty about whether the tree needs removing.	The Council agreed to reconsider its decision as part of a new strategy towards street trees and to apologise to Ms C for misleading her.	Agreed actions completed in agreed timescales- LGSCO has recorded compliance outcome of <i>“Remedy complete and satisfied”</i>

3	People – ASC	Mr B complains about the Council's handling of his parents' care planning. He says it decided they should remain in their own home but failed to consider whether this was an appropriate and affordable plan.	The Ombudsman finds the Council failed to fully consider and discuss with Mr B the cost implications of the proposed care package and alternative options. It also failed to properly advise him what should happen in response to his objection to the best interest decision and failed to make an application to the court of protection.	In addition to £300 already offered by the Council in recognition of lost opportunity, uncertainty, inconvenience and time and trouble the Council has agreed to remedy the injustice caused by making the following further payments: <ul style="list-style-type: none"> • £250 for the uncertainty caused by its failure to properly advise him what should happen in response to his objection to the best interest decision and its failure to make an application to the court of protection; and • £500 for the uncertainty caused by its failure to fully consider and discuss with him the financial implications of the various care options and the influence this may have had on the Council's best interest decision in September 2015. 	Agreed actions completed - LGSCO has recorded compliance outcome of " <i>Remedy complete and satisfied</i> "
4	People – SEN	Mrs B complains the Council did not pay part of her son's Education, Health and Care Plan funding.	The Ombudsman found fault when the Council stopped payments and this caused Mrs B injustice because it has not considered the distress caused to the family during the period payments were not made.	The Council had already repaid the outstanding amount and apologised to Mrs B, explained why payments were stopped and confirmed action it has taken to prevent this happening again. The Council further agreed within 4 weeks to a) Pay Mrs B £500 in recognition of the distress caused by the Council's failure to properly make payments for child C's EHCP; and b) Provide the Ombudsman with evidence of the structural changes and training the Council has said it has made or proposes to make, to ensure there is no recurrence of this problem.	Agreed actions completed - LGSCO has recorded compliance outcome of " <i>Remedy complete and satisfied</i> "

5	Place – Parking Services	Mr X complains about a Penalty Charge Notice.	Complaint upheld but the Ombudsman will not investigate this complaint because the Council has already provided a fair remedy by cancelling the fine and because the complainant could have appealed to the tribunal.	No further remedy/service improvement identified.	N/A - No Follow on Actions
6	People – SEN	Mrs G complained the Council failed to put in place the services specified in her daughter's Education, Health and Care Plan. It also delayed sending a revised Plan following Annual Review.	The Ombudsman found fault in the Council failing to specify the service owed to Mrs G's daughter and delays in finalising amended plan following Annual Review.	Council agreed to make a payment of £100 per month from September 2016 to date; and continue making payments until the EHCP has been issued. The Council also agreed to make a payment of £300 for the time and trouble that Mrs G has had in chasing up the latest EHCP. The Council agreed to consider changing its procedures (within 4 months) to ensure that health professionals work with it in order to provide services to children who need them; particularly when assessments are specified in an EHCP.	Agreed actions completed - LGSCO has recorded compliance outcome of <i>"Remedy complete and satisfied"</i>
7	Place – Council Housing Repairs	Mr X complained about the Repairs Service's handling of maintenance works in the kitchen and bathroom and the amount of compensation offered.	The Ombudsman found excessive delays in completing works to the kitchen and bathroom and considered the £250 payment offered did not adequately reflect the individual circumstances or service failure experienced.	Council agreed to pay additional £500 for significant inconvenience caused by excessive delays. Also agreed to arrange to arrange further inspection to satisfy all maintenance issues resolved; and review approach to compensation to ensure investigating managers have discretion in exceptional circumstances.	Agreed actions completed – complaint closed by HO
8	Place – Council Housing	Ms X complained about the Council's response to her reports about its handling of her personal information following her reports about a neighbour (including ASB) and complaints handling.	The Ombudsman found 3 month delay in responding to her reports of ASB and mistakes in the handling of her complaints – failure to keep evidence provided confidential.	Council agreed to pay £150 (£75 in respect of any distress/inconvenience experienced as a result of its delay in responding to her reports about ASB; and £75 in respect of any distress/inconvenience experienced as a result of mistakes in complaint handling.	Agreed actions completed – case closed by HO

9	Place – Streets Ahead	Mr B complained about the Council's decision to fell street trees on the road where he lives.	The Ombudsman found fault in the lack of detail published by the Council in response to independent advice it received saying it could save some of the trees. However, they did not consider the fault led to an injustice as the Council later provided more justification for its position.	No further remedy/service improvement identified.	N/A – no further action
10	People – SEN	Mrs C complained about the way the Council completed her child education and health care plan (EHCP).	The Ombudsman found failures in the EHCP process in particular delays in the process.	Council agreed to write to Mrs C and her child within 3 weeks to apologise for the failures in the EHCP process; and send them £500 in recognition of the injustice caused. The Council further agreed to write to the Ombudsman (within 2 months) to state how it performed against its 2017/18 targets.	Agreed actions completed - LGSCO has recorded compliance outcome of <i>"Remedy complete and satisfied"</i>
11	Place – Streets Ahead	Mrs X complains the Council failed to properly manage traffic restriction signs in her area relating to road works and this caused inconvenience.	The Ombudsman found fault as no work was planned for the weekends and therefore signage could have been either removed or made clearer. However this did not caused significant injustice as Mrs X was reassured she would be granted access ordinarily in any event there would not be any weekend works.	No further remedy/service improvement identified. Amey had already taken her comments on board to such an extent that its signs now only read 'week days'.	N/A – No further action
12	People - ASC	Mr X and Mrs Y were unhappy about the Council's interventions in their elderly mother's care. They did not understand what the Council wanted to achieve and why.	The Ombudsman found fault in the Council not explaining the processes it was obliged to undertake, and the options open to them in relation to these. Consequently, Mr X and Mrs Y were confused, stressed for a period of many months and afraid of their mother being taken into care	Council agreed to apologise, provide explanations around delay and pay Mr X the sum of £250 and Mrs Y £150 in recognition of its fault and the resulting injustice. Council also agreed to consider service improvements to prevent a recurrence of what happened.	Agreed actions completed – Awaiting confirmation of compliance outcome from LGSCO

			against her wishes.		
13	Place – Streets Ahead	Miss X complained the Council has failed to carry out work to reduce the size of a tree outside her home.	The Ombudsman found the Council failed to carry out scheduled work on the tree in November 2017.	The Council agreed to apologise to Miss X and pay her £100 for her avoidable time and trouble in pursuing the complaint. The Council also agreed to complete the work on the tree by the end of November 2018.	Agreed actions completed - LGSCO has recorded compliance outcome of <i>“Remedy complete and satisfied”</i>
14	People – ASC	Miss C complained that the Council charged her for a sitting service to give her respite from caring for her mother when it said it would be free; and wrongly backdated the charges when the service had been in place for five months.	The Ombudsman found the Council wrongly advised Miss C that it would not charge for a carer to sit with her mother. The Council then charged Miss C’s mother for this.	The Council had already cancelled the charge and clarified its charging policy with Miss C and the officer who misadvised her and so basis for ombudsman to recommend further action.	N/A -No further action
15	People – Children and Families	Mr and Mrs B complained the Council imposed restrictions on Mr B’s contact with his grandchildren despite having no evidence he poses a threat to them, recorded inaccurate information in its records, failed to provide them with support and failed to respond to a complaint.	The Ombudsman found no evidence the Council’s care records are inaccurate or that it failed to provide support when they asked for it. The Ombudsman did find fault in not carrying out a risk assessment before continuing restrictions on Mr B’s contact with his grandchildren and delay in responding to a complaint that left Mr and Mrs B with uncertainty and	The Council agreed to apologise to Mr and Mrs B; carry out a risk assessment, and make Mr and Mrs B a payment of £250 to remedy the injustice caused.	Agreed actions completed - LGSCO has recorded compliance outcome of <i>“Remedy complete and satisfied”</i>

			distrust in the Council's procedures.		
16	People - ASC	Mr X, complained the Council's Nursing Home has not cared properly for his mother, resulting in her being hospitalised in March 2017 and a failure to address her faecal smearing. He also complained about the Nursing Home attempting to charge third party top-ups for both his parents when there are no top-up agreements in place.	The Ombudsman found fault with the actions/service of the Nursing home and failed to address all the mother's care needs. The Ombudsman also found fault in allowing the assessed weekly contribution to be paid to a care provider which resulted in the Nursing home attempting to levy additional charges.	The Council agreed to apologise to Mr X for the failings in his mother's care; pay Mrs Y £750 for the failings in her care and ensure the Nursing home reviews Mrs Y's needs with her family to address any outstanding concerns. The Council further agreed to apology for the Nursing Home's attempts to charge top-ups for both parents and agreed to prepare an action plan within 12 weeks for collecting assessed charges from care home residents, rather than allowing care providers to do this.	Agreed actions completed - LGSCO has recorded compliance outcome of <i>"Remedy complete and satisfied"</i>
17	People – SEN	Mrs X has complained about the Council's failure to update her daughter's EHC plan, its poor communication and its failure to follow through on agreed actions.	The Ombudsman found fault in the Council's communication with Mrs X about critical decisions and actions.	The Council has agreed to pay Mrs X £1,500 for the avoidable distress caused and loss of opportunity to appeal to the Tribunal. Also agreed within 3 months to review its processes to ensure it always sends a decision letter and information about appeal rights when it reviews an EHC plan; and ensure that if a child's profile is changed to show dual registration that it alerts its SEN team and Child Out of School team to ensure that enquiries are made and appropriate action taken.	Agreed actions completed - LGSCO has recorded compliance outcome of <i>"Remedy complete and satisfied"</i>

18	People – SEN	Mrs X complained the Council delayed finalising C's Education and Health Care plan and delayed allocating a secondary school place for him. She has also complained about poor communication and poor complaints handling.	The Ombudsman found fault/delay in finalising her son's EHC plan; poor communication; and failings in its complaints handling which added to the avoidable distress caused to Mrs X. It also meant Mrs X was out of pocket for the cost of specialist maths tuition for longer than she should have been.	The Council agreed to apologise to Mrs X for the delay in finalising the EHC plan and allocating a secondary school place for C, and for its poor communication and complaints handling; and pay Mrs X £1,500 to reflect the injustice caused.	Agreed actions completed - LGSCO has recorded compliance outcome of " <i>Remedy complete and satisfied</i> "
19	People - Children & Families	Miss X complained about the behaviour of a social worker involved in her son's case. She says the Council has not properly dealt with her earlier complaints about the social worker's inappropriate behaviour.	The Ombudsman did not investigate the part of Miss X's complaint about the actions of the social worker before and during court action (outside jurisdiction). The Ombudsman did find evidence of fault in how the Council responded to Miss X's complaint (treated as enquiry and delay in responding) but this did not cause Miss X injustice because the Council then investigated the complaint and offered Miss X the opportunity for her complaint to be further reviewed.	No further remedy/service improvement identified.	N/A – No further action

People
ASC - (Joint
Complaint
with Health
Partners)

Mr and Mrs C complained on behalf of their adult son, Mr D that Sheffield City Council, Sheffield Health and Social Care NHS Foundation Trust and NHS Sheffield Clinical Commissioning Group provided inadequate support under section 117 of the Mental Health Act 1983 after Mr D's care provider terminated its contract in November 2015 and that there was no contingency plan in place for the termination of the contract with Company X. They also complain that the Council delayed in transferring Mr D from the Learning Disability Service to the Adult Autism Service and appointing an autism specialist social worker; delayed in appointing an advocate for Mr D; delayed in carrying out a reassessment of Mr D's needs and investigating and responding to their complaints. Failed to adequately investigate the events leading to the breakdown of the care package provided by Agency Y; failed to consider the needs of the family and properly communicate with Mr D and the family.

The Ombudsmen (LGSCO and PHSO) find that the complainants' son, Mr D, was caused significant injustice when the CCG and the Council failed to provide adequate support after his care provider terminated its contract in November 2015 and there was no contingency plan in place. The new provider did not meet all Mr D's needs and his mental health deteriorated because of the lack of support. This culminated in him being admitted to hospital. Following his discharge he had to live with his parents for five weeks during which time they had little formal support and no carer's assessment was carried out. This impacted adversely on Mr D's well-being and that of his parents. The Council and the Trust delayed in transferring Mr D between teams which caused further distress and uncertainty and impacted on his support provision.

The CCG, Trust and the Council agreed to apologise in writing to Mr D and his parents and make financial remedy payments totalling £5500 (SCC to pay £2750). The following wider actions were also agreed: The Council and the CCG to reiterate the importance of contingency planning to staff when dealing with complex cases, particularly concerning people with autism; the Council and the Trust to improve their procedures for transferring cases between teams; the Trust and Council to provide Mr D with copies of his up-to-date risk assessment and care plan and remind staff about the importance of including needs associated with autism in care plans; and SAANS take action to put in place the agreed support for Mr D's care provider.

Agreed actions completed - LGSCO has recorded compliance outcome of *"Remedy complete and satisfied"*

21	Place – Council Housing	Miss X complained the Council failed to deal with her request for priority rehousing properly.	The Ombudsman found fault in the way the Council managed Miss X's re-housing priority and in its communication with her and concluded that but for the Council's errors, it was more likely than not that Miss X could have been rehoused sooner.	The Council agreed (within 1 month) to waive the rent arrears relating to Property 1 incurred since 1 August 2017; credit Miss X's rent account with the heat charges and water rates element of her rent between 14 April - 31 July 2017; and pay Miss X £500 in recognition of the distress and anxiety, and unnecessary time and trouble she has been put to.	Agreed actions completed - LGSCO has recorded compliance outcome of <i>"Remedy complete and satisfied"</i>
22	Resources- Capita	Miss X complained the Council delayed in processing her council tax support application resulting in financial hardship as she had to pay council tax at the higher rate while awaiting a response from the Council. Miss X also complains the Council delayed in dealing with her complaint.	The Ombudsman found no fault in the way the Council processed Miss X's application however there were delays in responding to her initial enquiry and her complaint.	The Council agreed to pay Miss X £100 for the time and trouble she spent pursuing her complaint and the frustration caused by the delay.	Agreed actions completed - LGSCO has recorded compliance outcome of <i>"Remedy complete Late"</i>
23	Place – Council Housing	Mr X complained about delays to address water ingress and resulting damage to his personal belongings.	The Ombudsman found the Council had not offered reasonable redress for the failings which it identified at the review stage of the complaints procedure. Specifically that it did not address the water penetration quickly and thoroughly enough since Mr X reported that its initial repairs, via its contractor, had not been effective.	The Council agreed to pay Mr X £500 compensation - £300 in recognition of inconvenience and distress experienced for not addressing the water penetration quickly and thoroughly enough and £200 compensation already offered for damage to his personal belongings.	Agreed actions completed - Case closed by HO

24	Place – Council Housing	Miss B complains about the way the Council has considered her application for re-housing and the priority awarded to her application.	There was fault by the Council in not allowing Miss B time to make direct bids with the increased priority the Council had awarded. As a result she missed out on a property and had the priority removed before she had chance to make a successful bid.	The Council agreed, within a month of this decision, apologise, reinstate the higher priority and pay £500.	Agreed actions completed - LGSCO has recorded compliance outcome of “ <i>Remedy complete and satisfied</i> ”
25	Resources – Customer Services	Ms X complains that the Council did not renew her disabled travel pass.	Complaint was upheld but Ombudsman did not investigate because injustice was remedied by the Council. Council renewed the pass for a year and Ombudsman considered this is a fair response.	No further remedy/service improvement identified.	N/A – No further action



Audit & Standards Committee Report

Report of: Mark Bennett, Director of HR and Customer Services/ Gillian Duckworth, Director of Legal Services

Date: 17th October 2019

Subject: Annual Ombudsman Complaints Report 2018/19

Author of Report:

Summary:

This report provides an overview of the complaints received, and formally referred and determined by the three Ombudsmen (Local Government & Social Care Ombudsman, Parliamentary & Health Service Ombudsman and Housing Ombudsman) during the twelve months from 1 April 2018 to 31 March 2019.

The report also identifies future developments and areas for improvement in complaint management.

The report is jointly presented by the Director of Legal Services and the Director of HR and Customer Services, who are respectively the Council's Monitoring Officer, and the Director responsible for managing the Complaints Service.

Recommendations:

The Audit & Standards Committee is asked to consider the Annual Ombudsman Report in order to provide its view on the performance of Ombudsman complaints and the issues raised.

Background Papers:

LGSCO Annual Letter

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
Legal Implications
Equality of Opportunity Implications
NO
Tackling Health Inequalities Implications
NO
Human rights Implications
NO:
Environmental and Sustainability implications
NO
Economic impact
NO
Community safety implications
NO
Human resources implications
NO
Property implications
NO
Area(s) affected
None
Relevant Cabinet Portfolio Lead
Cabinet Member for Finance & Resources
Relevant Scrutiny Committee if decision called in
Not applicable
Is the item a matter which is reserved for approval by the City Council?
NO
Press release
NO

Annual Report Ombudsman Report

1.0 INTRODUCTION

- 1.1 The effective handling of customer complaints across the organisation enables the Council to be open and transparent, respond in the right way, make the best use of resources, and make well-informed decisions.
- 1.2 We welcome complaints as an opportunity to improve our services. Indeed, our definition of a complaint is “any expression of dissatisfaction whether justified or not”, which is deliberately wide to ensure that complaints are recognised and are properly addressed. We also encourage positive feedback on the services we provide.
- 1.3 The Customer Feedback & Complaints Team in Customer Services is responsible for the development and implementation of policy and procedures on complaints. In addition, the Team acts as the Council’s liaison point with the Local Government & Social Care Ombudsman (LGSCO), Housing Ombudsman (HO) and Parliamentary & Health Service Ombudsman (PHSO).
- 1.4 The Ombudsmen provide a free, independent and impartial service. They consider complaints about the administrative actions of local authorities. They cannot question what a council has done simply because someone does not agree with it. However, if they find something has gone wrong, such as poor service or service failure, and that a person has suffered as a result, they recommend a suitable remedy.
- 1.5 The LGSCO’s powers are set out in the Local Government Act 1974, as amended. The HO’s powers are set out in the Housing Act 1996, as amended. The PHSO’s powers are set out in the Parliamentary Commissioner Act 1967, as amended, and the Health Service Commissioners Act 1993, as amended.
- 1.6 Overall, the Council and its strategic delivery partners (Capita and Veolia) dealt with 3,042 complaints through the formal complaints process in 2018/19. The LGSCO has reported that 165 enquiries were received about the Council and its strategic delivery partners during 2018/19. Our records show the Housing Ombudsman made enquiries/investigations into 12 complaints.

2.0 SUMMARY

- 2.1 This report provides an overview of the complaints received, and formally referred and determined by the Ombudsmen during the twelve months from 1 April 2018 to 31 March 2019.
- 2.2 The report also identifies future developments and areas for improvement in complaint management.
- 2.3 The report is jointly presented by the Director of Legal Services and the Director of HR and Customer Services, who are respectively the Council’s Monitoring Officer, and the Director responsible for managing the Complaints Service.

3.0 MAIN BODY OF THE REPORT

3.1 Overview

In 2018/19, there were 710 'formal' complaints about Council Portfolios. This is an increase on the numbers received the previous two years.

	2016/17	2017/18	2018/19
People	307	375	361
Place	222	238	303
Resources (inc. PPC)	31	70	46
Total	560	683	710
Amey	2398	2164	1744
Capita	24	76	228
Veolia	287	187	360
Total inc. partners	3269	3110	3042

3.2 The Council's Customer Feedback & Complaints Team recorded a total of 137 complaints received by the LGSCO and HO during 2018/19, a similar level to the 136 received the previous year. A breakdown by service area is provided at Appendix A (Table 1).

3.3 The LGSCO reported that 165 enquiries were received about the Council during 2018/19, compared with 186 in 2017/18. A breakdown is provided at Appendix A (Table 2). The number reported by the LGSCO is higher than the number recorded by the Council's Customer Feedback & Complaints Team because it includes, for example, people who have made an 'incomplete or invalid' complaint or cases where advice was given but details not shared with the Council.

	2016/17	2017/18	2018/19
LGSCO enquiries	136	186	165

3.4 The service areas that generated the largest number of Ombudsman enquiries during 2018/19 were Streets Ahead (25), Adult Social Care (19), Council Housing and Repairs (15) and Education- SEN/Admissions (15). These numbers are broadly the same as the previous year, with the exception of the figure for Streets Ahead which dropped from 29 to 25.

3.5 It is important to note that not all Ombudsman enquiries lead to a formal investigation. In fact, of the 137 enquiries recorded by the Council's Customer Feedback & Complaints Team in 2018/19, 68% were concluded without a formal investigation. Of the 44 that were formally investigated, the highest numbers were about Council Housing and repairs (10), Streets Ahead (10) and Education (8).

3.6 The Council's average response time to preliminary enquiries in 2018/19 was 8 days and its average response time to initial formal enquiries in 2018/19 was 24 working days. The latter exceeds the 20 working day target set by the

Ombudsman. Only 35% of formal enquiries were being responded to within the 20 working day target. This is a drop in performance from 52% in 2017/18 and is mainly due to late service comments/information.

- 3.7 In resolving complaints, we aim to work with the customer to try to achieve their preferred outcome, and when appropriate we will apologise. When the Council is at fault, we will aim to resolve the complaint by putting the customer back into the position they would have been in had the fault not occurred, or by offering another remedy if this is not possible.
- 3.8 During 2018/19, the LGSCO upheld 22 complaints and the HO upheld 3 complaints. A breakdown of all LGSCO/HO decisions is provided at Appendix A (Table 3 and 4). Further details of the upheld complaints and the remedies and service improvements that were agreed are set out in Appendix B.
- 3.9 In total, the Council paid £14,750 in compensatory payments and other reimbursements following Ombudsman enquiries. This compares with £15,845.50 paid in 2017/18.
- 3.10 Looking at how Sheffield City Council compares with other local authorities (see Appendix A - Table 5 and 6), Sheffield City Council saw the highest % reduction in complaints received by the LGSCO than all of the other core cities in 2018/19. In terms of LGSCO recommendations Sheffield City Council, like all the other Core Cities during 2018/19, had a 100% compliance rate but we were 'late' in completing agreed actions in 2 complaints.
- 3.11 We aim to learn from complaints, so that we do not repeat the same problem. Appendix B includes details of the remedies, improvements and changes that have been made following Ombudsman investigations. Examples of key learning/service improvements include:
- Action plan developed for collecting assessed charges from care home residents, rather than allowing care providers to do this. This work ongoing and pre-implementation planning is due to be completed in October 2019 (*Social Care Accounts Service*).
 - Protocols between SCC/CCG/SHSCT developed to include escalation process for complex cases. Autism training arranged for Council and trust staff (*Adult Social Care*).
 - Assistant Service Manager given responsibility for oversight of personal budgets to ensure that they are addressed in an appropriate manner going forward. Communication to all staff that personal budgets should remain in place until the point where a change is agreed through an Annual Review. Separate communication to finance colleagues that these contracts must remain in place and paid until a formal change is agreed via the EHC Panel. (*SEND Statutory Assessment & Review Service 0-25*)
 - Senior Business Support Officer recruited and Health Single Point of Access (SPA) now within the service. Health provision within service will

expand in the medium term to include clinicians and access to NHS databases. (*SEND Statutory Assessment & Review Service 0-25*)

- Internal processes developed to ensure a decision letter including information about appeal rights it sent to parents/carers when an EHC plan is reviewed and weekly report created to identify “dual school registrations” with start dates. (*SEND Statutory Assessment & Review Service 0-25*)
- Approach to compensation reviewed giving investigating managers discretion to award over £250 in exceptional circumstances. (*Repairs and Maintenance Service*)
- The wording of traffic restriction signs relating to road works amended to read ‘week days’. (*Amey*)
- Number of public leaflets and factsheets produced and published on SCC website i.e. ‘Adult Safeguarding - what to expect’; ‘Best interests meeting’; ‘Assessing mental capacity’; ‘Deprivation of liberty orders’; ‘Independent advocacy’ and ‘Adult Social Care Complaints Procedure’. (*Adult Social Care and Customer Services*)

Future developments

- 3.12 There has been little progress around the proposal to create a single Public Service Ombudsman (PSO) to replace the LGO and the PHSO. The timescale for legislating on this remains unclear.
- 3.13 At a local level, the following have been identified as actions and areas for improvement during 2019/20:
- Review and develop public facing complaints information on SCC website;
 - Review and develop online complaint form to ensure it is easy to use and to ensure effective routing of complaints.
 - Development of CRM system to improve recording and reporting of complaints, compliments and suggestions.
 - Review and develop the information/guidance available to all employees and managers around resolving, investigating, reviewing and responding to complaints.
 - Launch of new half day classroom course “Customer Complaints – Effective Handling” aimed at managers who resolve, investigate and respond to complaints.

4.0 RECOMMENDATIONS

- 4.1 The Audit & Standards Committee is asked to consider the Annual Ombudsman Report in order to provide its view on the performance of Ombudsman complaints and the issues raised.

OMBUDSMAN COMPLAINTS

Table 1: This table shows a breakdown of the 137 ombudsman complaints recorded by the Council's Customer Feedback and Complaints Team during 2018/19.

Table 1:

Portfolio/ Partner	Subject	Formal premature referrals	Considered without Investigation	Formal /detailed investigations made	Totals 2018/19	Totals 2017/18
People	Social Care - Adults	5	9	5	19	18
	Social Care - Children's	9	2	1	12	14
	Education	2	5	8	15	16
	Libraries	0	1	0	1	0
Place	Bereavement Services	0	2	0	2	1
	Council Housing & Repairs	2	3	10	15	15
	Housing - other	2	4	2	8	11
	Environmental Services	1	0	1	2	0
	Parking Services	3	2	0	5	7
	Planning	1	5	3	9	6
	Highways	0	0	0	0	1
	Land/property	0	0	0	0	1
	Licensing	0	1	0	1	0
Resources	Customer Services	0	3	0	3	2
	Legal	0	3	0	3	3
	Business Change & Information Services	0	1	0	1	1
	Miscellaneous	0	0	0	0	1
Amey/Client	Streets Ahead	1	16	8	25	29
Capita	Benefits	2	7	3	12	8
	Revenues	0	0	0	0	2
Veolia/Client	Waste Management	0	1	3	4	0
Totals		28	65	44	137	136

Table 2: This table shows a Breakdown of the 165 complaints/enquiries received by the LGSCO in 2018/19, compared with the previous two years.

LGO subject category	2016/17	2017/18	2018/19
Adult Social Care	33	32	28
Benefits and Tax	20	17	17
Corporate and other	6	14	12
Education and Children's Services	36	46	34
Environmental Services and Public Protection & Regulation	4	17	25
Highways & Transport	50	33	21
Housing	16	16	18
Planning & Development	10	11	10
Total	175	186	165

Table 3: This table shows a breakdown of LGSCO decisions over the last three years.

LGSCO Decisions	2016/17	2017/18	2018/19
Incomplete or invalid	4	9	13
Advice Given	5	3	7
Referred back for local resolution	67	62	51
Closed after initial enquiries	60	65	62
Investigated – not upheld	21	11	13
Investigated - upheld	20	22	22
Report	0	1	0
Total	177	172	168

Table 4: This table shows a breakdown of HO decisions during 2018/19.

HO Decisions	2018/19
Closed after initial enquiries	3
Investigated – not upheld	4
Investigated - upheld	3
Total	10

Table 5: This table compares complaint numbers across the Core Cities based on information provided by the LGSCO in the Annual Review Letters.

	Number enquiries received 2017/18	Number enquiries received 2018/19	% increase/ decrease (+ / -)	Number of enquiries per 1000 population
Birmingham	455	484	+6%	0.42
Bristol	129	136	+5%	0.29
Leeds	189	187	-1%	0.24
Liverpool	147	136	-8%	0.27
Manchester	167	176	+5%	0.32
Newcastle	67	73	+8%	0.24
Nottingham	103	106	+1%	0.31
Sheffield	186	165	-13%	0.28

Table 6: This table compares complaint outcomes across the core cites based on information provided by the LGSCO in the Annual Review Letters.

	Number of detailed investigations 2018/19	Number of complaints upheld 2018/19	Upheld rate 2018/19	Number of complaints where Satisfactory Remedy provided before complaint reached Ombudsman 2018/19 (% of upheld cases)		Compliance with Ombudsman Recommendations 2018/19 (% late compliance)	
Birmingham	100	77	77%	10	(13%)	100%	(4%)
Bristol	18	12	67%	3	(25%)	100%	(0%)
Leeds	47	21	45%	1	(5%)	100%	(9%)
Liverpool	30	22	73%	3	(14%)	100%	(5%)
Manchester	38	21	55%	6	(29%)	100%	(6%)
Newcastle	14	9	64%	4	(44%)	100%	(0%)
Nottingham	26	18	69%	1	(6%)	100%	(0%)
Sheffield	35	22	63%	3	(14%)	100%	(13%)

Appendix B

A summary of the **25** complaints which were upheld by the LGSCO and HO during 2018/19 is provided below.

	Portfolio/ Partner	Complaint	Ombudsman Finding/Investigation Outcome	Agreed Remedy/Service Improvements	Completion of Agreed Remedies
Page 202	Place – Streets Ahead	Mr D complains about the planned removal and replacement of a tree under the Council's 'Streets Ahead' programme.	The Ombudsman found the Council at fault for not giving its independent tree panel all its reasons for wanting to remove this tree and for a misleading reply to an enquiry from Mr D. The Ombudsman considers the faults have caused uncertainty about whether the tree needs removing.	The Council agreed to reconsider its decision as part of a new strategy towards street trees and to apologise to Mr D for misleading him.	Agreed actions completed in timescales - LGSCO has recorded compliance outcome of <i>"Remedy complete and satisfied"</i>
	Place – Streets Ahead	Ms C complains about the planned removal and replacement of a tree under the Council's 'Streets Ahead' programme.	The Ombudsman found the Council at fault for not giving its independent tree panel all its reasons for wanting to remove this tree and for a misleading reply to an enquiry from Ms C. The Ombudsman considers the faults have caused uncertainty about whether the tree needs removing.	The Council agreed to reconsider its decision as part of a new strategy towards street trees and to apologise to Ms C for misleading her.	Agreed actions completed in agreed timescales- LGSCO has recorded compliance outcome of <i>"Remedy complete and satisfied"</i>

3	People – ASC	Mr B complains about the Council's handling of his parents' care planning. He says it decided they should remain in their own home but failed to consider whether this was an appropriate and affordable plan.	The Ombudsman finds the Council failed to fully consider and discuss with Mr B the cost implications of the proposed care package and alternative options. It also failed to properly advise him what should happen in response to his objection to the best interest decision and failed to make an application to the court of protection.	In addition to £300 already offered by the Council in recognition of lost opportunity, uncertainty, inconvenience and time and trouble the Council has agreed to remedy the injustice caused by making the following further payments: • £250 for the uncertainty caused by its failure to properly advise him what should happen in response to his objection to the best interest decision and its failure to make an application to the court of protection; and • £500 for the uncertainty caused by its failure to fully consider and discuss with him the financial implications of the various care options and the influence this may have had on the Council's best interest decision in September 2015.	Agreed actions completed - LGSCO has recorded compliance outcome of " <i>Remedy complete and satisfied</i> "
4	People – SEN	Mrs B complains the Council did not pay part of her son's Education, Health and Care Plan funding.	The Ombudsman found fault when the Council stopped payments and this caused Mrs B injustice because it has not considered the distress caused to the family during the period payments were not made.	The Council had already repaid the outstanding amount and apologised to Mrs B, explained why payments were stopped and confirmed action it has taken to prevent this happening again. The Council further agreed within 4 weeks to a) Pay Mrs B £500 in recognition of the distress caused by the Council's failure to properly make payments for child C's EHCP; and b) Provide the Ombudsman with evidence of the structural changes and training the Council has said it has made or proposes to make, to ensure there is no recurrence of this problem.	Agreed actions completed - LGSCO has recorded compliance outcome of " <i>Remedy complete and satisfied</i> "

5	Place – Parking Services	Mr X complains about a Penalty Charge Notice.	Complaint upheld but the Ombudsman will not investigate this complaint because the Council has already provided a fair remedy by cancelling the fine and because the complainant could have appealed to the tribunal.	No further remedy/service improvement identified.	N/A - No Follow on Actions
6	People – SEN	Mrs G complained the Council failed to put in place the services specified in her daughter's Education, Health and Care Plan. It also delayed sending a revised Plan following Annual Review.	The Ombudsman found fault in the Council failing to specify the service owed to Mrs G's daughter and delays in finalising amended plan following Annual Review.	Council agreed to make a payment of £100 per month from September 2016 to date; and continue making payments until the EHCP has been issued. The Council also agreed to make a payment of £300 for the time and trouble that Mrs G has had in chasing up the latest EHCP. The Council agreed to consider changing its procedures (within 4 months) to ensure that health professionals work with it in order to provide services to children who need them; particularly when assessments are specified in an EHCP.	Agreed actions completed - LGSCO has recorded compliance outcome of "Remedy complete and satisfied"
7	Place – Council Housing Repairs	Mr X complained about the Repairs Service's handling of maintenance works in the kitchen and bathroom and the amount of compensation offered.	The Ombudsman found excessive delays in completing works to the kitchen and bathroom and considered the £250 payment offered did not adequately reflect the individual circumstances or service failure experienced.	Council agreed to pay additional £500 for significant inconvenience caused by excessive delays. Also agreed to arrange to arrange further inspection to satisfy all maintenance issues resolved; and review approach to compensation to ensure investigating managers have discretion in exceptional circumstances.	Agreed actions completed – complaint closed by HO

Page 208

8	Place – Council Housing	Ms X complained about the Council's response to her reports about its handling of her personal information following her reports about a neighbour (including ASB) and complaints handling.	The Ombudsman found 3 month delay in responding to her reports of ASB and mistakes in the handling of her complaints – failure to keep evidence provided confidential.	Council agreed to pay £150 (£75 in respect of any distress/inconvenience experienced as a result of its delay in responding to her reports about ASB; and £75 in respect of any distress/inconvenience experienced as a result of mistakes in complaint handling.	Agreed actions completed – case closed by HO
9	Place – Streets Ahead	Mr B complained about the Council's decision to fell street trees on the road where he lives.	The Ombudsman found fault in the lack of detail published by the Council in response to independent advice it received saying it could save some of the trees. However, they did not consider the fault led to an injustice as the Council later provided more justification for its position.	No further remedy/service improvement identified.	N/A – no further action
10	People – SEN	Mrs C complained about the way the Council completed her child education and health care plan (EHCP).	The Ombudsman found failures in the EHCP process in particular delays in the process.	Council agreed to write to Mrs C and her child within 3 weeks to apologise for the failures in the EHCP process; and send them £500 in recognition of the injustice caused. The Council further agreed to write to the Ombudsman (within 2 months) to state how it performed against its 2017/18 targets.	Agreed actions completed - LGSCO has recorded compliance outcome of <i>“Remedy complete and satisfied”</i>
11	Place – Streets Ahead	Mrs X complains the Council failed to properly manage traffic restriction signs in her area relating to road works and this caused inconvenience.	The Ombudsman found fault as no work was planned for the weekends and therefore signage could have been either removed or made clearer. However this did not caused significant injustice as Mrs X was reassured she would be granted access ordinarily in any event there would not be any weekend works.	No further remedy/service improvement identified. Amey had already taken her comments on board to such an extent that its signs now only read 'week days'.	N/A – No further action

12	People - ASC	Mr X and Mrs Y were unhappy about the Council's interventions in their elderly mother's care. They did not understand what the Council wanted to achieve and why.	The Ombudsman found fault in the Council not explaining the processes it was obliged to undertake, and the options open to them in relation to these. Consequently, Mr X and Mrs Y were confused, stressed for a period of many months and afraid of their mother being taken into care against her wishes.	Council agreed to apologise, provide explanations around delay and pay Mr X the sum of £250 and Mrs Y £150 in recognition of its fault and the resulting injustice. Council also agreed to consider service improvements to prevent a recurrence of what happened.	Agreed actions completed – Awaiting confirmation of compliance outcome from LGSCO
13	Place – Streets Ahead	Miss X complained the Council has failed to carry out work to reduce the size of a tree outside her home.	The Ombudsman found the Council failed to carry out scheduled work on the tree in November 2017.	The Council agreed to apologise to Miss X and pay her £100 for her avoidable time and trouble in pursuing the complaint. The Council also agreed to complete the work on the tree by the end of November 2018.	Agreed actions completed - LGSCO has recorded compliance outcome of "Remedy complete and satisfied"
14	People – ASC	Miss C complained that the Council charged her for a sitting service to give her respite from caring for her mother when it said it would be free; and wrongly backdated the charges when the service had been in place for five months.	The Ombudsman found the Council wrongly advised Miss C that it would not charge for a carer to sit with her mother. The Council then charged Miss C's mother for this.	The Council had already cancelled the charge and clarified its charging policy with Miss C and the officer who misadvised her and so basis for ombudsman to recommend further action.	N/A -No further action

15	People – Children and Families	Mr and Mrs B complained the Council imposed restrictions on Mr B's contact with his grandchildren despite having no evidence he poses a threat to them, recorded inaccurate information in its records, failed to provide them with support and failed to respond to a complaint.	The Ombudsman found no evidence the Council's care records are inaccurate or that it failed to provide support when they asked for it. The Ombudsman did find fault in not carrying out a risk assessment before continuing restrictions on Mr B's contact with his grandchildren and delay in responding to a complaint that left Mr and Mrs B with uncertainty and distrust in the Council's procedures.	The Council agreed to apologise to Mr and Mrs B; carry out a risk assessment, and make Mr and Mrs B a payment of £250 to remedy the injustice caused.	Agreed actions completed - LGSCO has recorded compliance outcome of <i>"Remedy complete and satisfied"</i>
16	People - ASC	Mr X, complained the Council's Nursing Home has not cared properly for his mother, resulting in her being hospitalised in March 2017 and a failure to address her faecal smearing. He also complained about the Nursing Home attempting to charge third party top-ups for both his parents when there are no top-up agreements in place.	The Ombudsman found fault with the actions/service of the Nursing home and failed to address all the mother's care needs. The Ombudsman also found fault in allowing the assessed weekly contribution to be paid to a care provider which resulted in the Nursing home attempting to levy additional charges.	The Council agreed to apologise to Mr X for the failings in his mother's care; pay Mrs Y £750 for the failings in her care and ensure the Nursing home reviews Mrs Y's needs with her family to address any outstanding concerns. The Council further agreed to apology for the Nursing Home's attempts to charge top-ups for both parents and agreed to prepare an action plan within 12 weeks for collecting assessed charges from care home residents, rather than allowing care providers to do this.	Agreed actions completed - LGSCO has recorded compliance outcome of <i>"Remedy complete and satisfied"</i>
17	People – SEN	Mrs X has complained about the Council's failure to update her daughter's EHC plan, its poor communication and its failure to follow through on agreed actions.	The Ombudsman found fault in the Council's communication with Mrs X about critical decisions and actions.	The Council has agreed to pay Mrs X £1,500 for the avoidable distress caused and loss of opportunity to appeal to the Tribunal. Also agreed within 3 months to review its processes to ensure it always sends a decision letter and information about appeal rights when it reviews an EHC plan; and ensure that if a child's profile is changed to show dual registration that it alerts its SEN team	Agreed actions completed - LGSCO has recorded compliance outcome of <i>"Remedy complete and satisfied"</i>

				and Child Out of School team to ensure that enquiries are made and appropriate action taken.	
18	People – SEN	Mrs X complained the Council delayed finalising C’s Education and Health Care plan and delayed allocating a secondary school place for him. She has also complained about poor communication and poor complaints handling.	The Ombudsman found fault/delay in finalising her son’s EHC plan; poor communication; and failings in its complaints handling which added to the avoidable distress caused to Mrs X. It also meant Mrs X was out of pocket for the cost of specialist maths tuition for longer than she should have been.	The Council agreed to apologise to Mrs X for the delay in finalising the EHC plan and allocating a secondary school place for C, and for its poor communication and complaints handling; and pay Mrs X £1,500 to reflect the injustice caused.	Agreed actions completed - LGSCO has recorded compliance outcome of “ <i>Remedy complete and satisfied</i> ”
19	People - Children & Families	Miss X complained about the behaviour of a social worker involved in her son’s case. She says the Council has not properly dealt with her earlier complaints about the social worker’s inappropriate behaviour.	The Ombudsman did not investigate the part of Miss X’s complaint about the actions of the social worker before and during court action (outside jurisdiction). The Ombudsman did find evidence of fault in how the Council responded to Miss X’s complaint (treated as enquiry and delay in responding) but this did not cause Miss X injustice because the Council then investigated the complaint and offered Miss X the opportunity for her complaint to be further reviewed.	No further remedy/service improvement identified.	N/A – No further action

People
ASC - (Joint
Complaint
with Health
Partners)

Mr and Mrs C complained on behalf of their adult son, Mr D that Sheffield City Council, Sheffield Health and Social Care NHS Foundation Trust and NHS Sheffield Clinical Commissioning Group provided inadequate support under section 117 of the Mental Health Act 1983 after Mr D's care provider terminated its contract in November 2015 and that there was no contingency plan in place for the termination of the contract with Company X. They also complain that the Council delayed in transferring Mr D from the Learning Disability Service to the Adult Autism Service and appointing an autism specialist social worker; delayed in appointing an advocate for Mr D; delayed in carrying out a reassessment of Mr D's needs and investigating and responding to their complaints. Failed to adequately investigate the events leading to the breakdown of the care package provided by Agency Y; failed to consider the needs of the family and properly communicate with Mr D and the family.

The Ombudsmen (LGSCO and PHSO) find that the complainants' son, Mr D, was caused significant injustice when the CCG and the Council failed to provide adequate support after his care provider terminated its contract in November 2015 and there was no contingency plan in place. The new provider did not meet all Mr D's needs and his mental health deteriorated because of the lack of support. This culminated in him being admitted to hospital. Following his discharge he had to live with his parents for five weeks during which time they had little formal support and no carer's assessment was carried out. This impacted adversely on Mr D's well-being and that of his parents. The Council and the Trust delayed in transferring Mr D between teams which caused further distress and uncertainty and impacted on his support provision.

The CCG, Trust and the Council agreed to apologise in writing to Mr D and his parents and make financial remedy payments totalling £5500 (SCC to pay £2750). The following wider actions were also agreed: The Council and the CCG to reiterate the importance of contingency planning to staff when dealing with complex cases, particularly concerning people with autism; the Council and the Trust to improve their procedures for transferring cases between teams; the Trust and Council to provide Mr D with copies of his up-to-date risk assessment and care plan and remind staff about the importance of including needs associated with autism in care plans; and SAANS take action to put in place the agreed support for Mr D's care provider.

Agreed actions completed - LGSCO has recorded compliance outcome of "*Remedy complete and satisfied*"

21	Place – Council Housing	Miss X complained the Council failed to deal with her request for priority rehousing properly.	The Ombudsman found fault in the way the Council managed Miss X’s re-housing priority and in its communication with her and concluded that but for the Council’s errors, it was more likely than not that Miss X could have been rehoused sooner.	The Council agreed (within 1 month) to waive the rent arrears relating to Property 1 incurred since 1 August 2017; credit Miss X’s rent account with the heat charges and water rates element of her rent between 14 April - 31 July 2017; and pay Miss X £500 in recognition of the distress and anxiety, and unnecessary time and trouble she has been put to.	Agreed actions completed - LGSCO has recorded compliance outcome of “ <i>Remedy complete and satisfied</i> ”
22	Resources- Capita	Miss X complained the Council delayed in processing her council tax support application resulting in financial hardship as she had to pay council tax at the higher rate while awaiting a response from the Council. Miss X also complains the Council delayed in dealing with her complaint.	The Ombudsman found no fault in the way the Council processed Miss X’s application however there were delays in responding to her initial enquiry and her complaint.	The Council agreed to pay Miss X £100 for the time and trouble she spent pursuing her complaint and the frustration caused by the delay.	Agreed actions completed - LGSCO has recorded compliance outcome of “ <i>Remedy complete Late</i> ”
23	Place – Council Housing	Mr X complained about delays to address water ingress and resulting damage to his personal belongings.	The Ombudsman found the Council had not offered reasonable redress for the failings which it identified at the review stage of the complaints procedure. Specifically that it did not address the water penetration quickly and thoroughly enough since Mr X reported that its initial repairs, via its contractor, had not been effective.	The Council agreed to pay Mr X £500 compensation - £300 in recognition of inconvenience and distress experienced for not addressing the water penetration quickly and thoroughly enough and £200 compensation already offered for damage to his personal belongings.	Agreed actions completed - Case closed by HO

24	Place – Council Housing	Miss B complains about the way the Council has considered her application for re-housing and the priority awarded to her application.	There was fault by the Council in not allowing Miss B time to make direct bids with the increased priority the Council had awarded. As a result she missed out on a property and had the priority removed before she had chance to make a successful bid.	The Council agreed, within a month of this decision, apologise, reinstate the higher priority and pay £500.	Agreed actions completed - LGSCO has recorded compliance outcome of “ <i>Remedy complete and satisfied</i> ”
25	Resources – Customer Services	Ms X complains that the Council did not renew her disabled travel pass.	Complaint was upheld but Ombudsman did not investigate because injustice was remedied by the Council. Council renewed the pass for a year and Ombudsman considered this is a fair response.	No further remedy/service improvement identified.	N/A – No further action

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