

Report of:	Head of Housing and Waste Management
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Telephone No:	01543 464210
Portfolio Leader:	Housing
Key Decision:	No
Report Track:	HPDC 20/1/2014

HOUSING POLICY DEVELOPMENT COMMITTEE**20 JANUARY 2014****CONSULTATION ON THE FUTURE FUNDING OF THE HOUSING OMBUDSMAN****1 Purpose of Report**

- 1.1 To determine the Council's response to a consultation paper issued by the Department for Communities and Local Government on the future funding of the Housing Ombudsman.

2 Recommendation

- 2.1 That the Council's response to the Department for Communities and Local Government consultation paper "Future Funding of the Housing Ombudsman" as set out in Appendix 1 is agreed.

3 Key Issues and Reasons for Recommendation

- 3.1 The Department for Communities and Local Government have published a consultation paper on the future funding of the Housing Ombudsman.
- 3.2 The consultation paper invites comments on the proposal to extend the Housing Ombudsman's existing fee charging model to local authority landlords from April 2014 and seeks preliminary views on an alternative funding model from 2016.
- 3.3 A proposed response to the consultation paper has been formulated following consultation with the Chairman of the Housing Policy Development Committee and the Housing Portfolio Leader and this is attached as Appendix 1.

4 Relationship to Corporate Priorities

- 4.1 The Housing Ombudsman deals with any complaints in respect of the Council's social housing service which cannot be resolved by the Council. As a result the service contributes to the service aim to "manage the Council's housing stock"

which forms part of the Housing Portfolio section within the agreed 2013-14 "Place" Priority Delivery Plan.

5 Report Detail**The Consultation Paper**

- 5.1 The Department for Communities and Local Government (DCLG) have published a consultation paper on the future funding of the Housing Ombudsman.
- 5.2 The consultation paper invites comments on the proposal to extend the Housing Ombudsman's existing fee charging model to local authority landlords from April 2014 and seeks preliminary views on an alternative funding model from 2016.
- 5.3 The consultation paper can be viewed on the DCLG website www.gov.uk/dclg, whilst hard copies are available from Members Services. Responses to the consultation paper must be submitted by 30 January 2014.

The Government's Proposals

- 5.4 Under the Localism Act 2011 the responsibility for dealing with complaints from local authority tenants (about the provision and management of social housing) transferred from the Local Government Ombudsman to the Housing Ombudsman. This change took effect from 1 April 2013.
- 5.5 The Housing Ombudsman was established under the Housing Act 1996 and previously considered complaints from housing association tenants only.
- 5.6 The Housing Ombudsman has historically been totally funded through fees levied from its housing association member landlords, whilst the Local Government Ombudsman is funded directly from the DCLG.
- 5.7 In recognition of the Housing Ombudsman's extended jurisdiction from 1 April 2013, grant funding was transferred from the Local Government Ombudsman to fully fund its dealings with complaints from local authority tenants during 2013-14.
- 5.8 The Housing Ombudsman is therefore currently financed by levied fees in respect of housing association landlords and by DCLG grant funding in respect of local authority landlords.
- 5.9 The Government intend that local authority landlords should also contribute to funding the Housing Ombudsman from April 2014. It is proposed, pending a further review in 2016, to extend the current Housing Ombudsman current fee charging system to local authority landlords, which will require annual subscriptions to be paid on demand.
- 5.10 Under the Housing Ombudsman fee charging system the amount of fee levied on an individual landlord is determined by the number of properties which it owns. An annual unit charge is calculated by dividing the Housing Ombudsman

budget by the number of properties covered by the scheme, which is then multiplied by the number of dwellings owned by each landlord to determine the individual landlord subscriptions.

- 5.11 The cost of the Housing Ombudsman is therefore “proportioned” in accordance with the size of the housing provider, which broadly correlates to the number of enquiries and complaints made.
- 5.12 Whilst the current funding model is easy to administer and is considered “fair” by housing association landlords, the Government are considering a “two tier” charging model for implementation from 2016. This would comprise:-
- (i) A fixed annual fee based on the number of dwellings owned by the member landlord.
 - (ii) A variable “case fee” specific to the cost of dealing with complaints, calculated in relation to the number of complaints received from individual member landlords.

A Proposed Response to the Consultation Paper

- 5.13 The consultation paper seeks views on four specific questions. Three relate to the proposed introduction of the current Housing Ombudsman charging system from April 2014, whilst the final question seeks preliminary views on the proposed charging system from April 2016.
- 5.14 A proposed response to the consultation paper has been formulated following consultation with the Chairman of the Housing Policy Development Committee and the Housing Portfolio Leader and this is attached as Appendix 1.

6 Implications

6.1 Financial

The annual fee for the Housing Ombudsman is expected to be in the region of £1.05 per property. This will equate to an estimated £5,460 for the Council as a result of the 5,196 dwellings within its housing stock.

Provision for this has been made within the proposed HRA budgets for the period 2014-15 to 2016-17 which will be considered by Cabinet on 30 January 2014.

The cost for 2014-15 will, however, be offset by a “one off” grant from the DCLG, which is expected to meet 40% of the annual fee.

6.2 Legal

None

6.3 Human Resources

None

6.4 Section 17 (Crime Prevention)

None

6.5 Human Rights Act

None

6.6 Data Protection

None

6.7 Risk Management

None

6.8 Equality & Diversity

None

6.9 Best Value

None

7 Appendices to the Report

Appendix 1: Consultation on the Future Funding of the Housing Ombudsman – A Proposed Response

Previous Consideration

The Localism Act 2011

Cabinet

15 March 2012

Background Papers

DCLG Consultation Paper: "Future Funding of the Housing Ombudsman"

**CONSULTATION ON THE FUTURE FUNDING OF THE HOUSING OMBUDSMAN –
A PROPOSED RESPONSE**

Begoña Vilaplana,
Affordable Housing Management and Standards Division,
Department for Communities and Local Government,
Eland House, Zone 1/E2,
Bressenden Place,
London,
SW1E 5DU

Dear Ms. Vilaplana,

Consultation on the Future Funding of the Housing Ombudsman

Cannock Chase Council's Housing Policy Development Committee have considered the consultation paper "Future Funding of the Housing Ombudsman" and wish to submit the following response.

Q1: Do you agree that the current subscription funding model that already applies to housing associations should be extended to local authorities?

The Council accept that the current arrangements for funding the Housing Ombudsman cannot continue. It is appreciated that it is "unfair" that housing association landlords are levied an annual fee, whilst the service received by local authority landlords is funded through "Grant-in-Aid" payments from the Department for Communities and Local Government.

The proposal to extend the current housing association subscription funding model to local authorities is therefore supported.

The Council do, however, believe that the transfer of grant funding from the Local Government Ombudsman to the Housing Ombudsman which was made by the Department for Communities and Local Government, for 2013-14 and 2014-15 should be continued beyond this period.

The proposals place the "full burden" of funding the Housing Ombudsman on local authority and housing association landlords; whereas prior to 1 April 2013, the service provided to local authorities through the Local Government Ombudsman was funded by the Department for Communities and Local Government. The Council consider that funding previously provided to the Local Government Ombudsman should continue to be made to the Housing Ombudsman to subsidise services to both local authorities and housing associations.

Q2: Are there any aspects of this proposal that you do not agree with? Please explain why.

As previously stated, the Council consider that transfer of grant funding (previously made to the Local Government Ombudsman) should continue for 2015-16 and beyond.

Q3: Do you have any comments on the effectiveness of the current charging system?

The Council have no experience of the current charging system and cannot therefore comment on its effectiveness.

Q4: Do you have any comments on such a potential future alternative model?

The current charging system is both easy to administer and to understand; whilst the suggested "two tier" system has a number of complexities. It will require the formulation of specific pricing proposals which will be more costly to administer, increasing the overall cost of the Housing Ombudsman.

The Council do not therefore support the introduction of an alternative funding model post 2016.

Yours sincerely,

I.J. Tennant
Head of Housing and Waste Management