

LHC Compensation Policy



Reference:	Version 2	Author:	Sue Needham
Scope:	Loddon Homes and Berry Brook Homes	Approved by:	Holly Messenger
Legislation:	Housing Act 1985 Land Compensation Act 1973 Planning & Compensation Act 1991 Data Protection Act 2018	Date of approval:	November 2019
Regulatory/ Governance:	The Regulator of Social Housing Tenancy standard Housing Ombudsman Compensation fact sheet	Date of next review:	November 2022
Related Policies:	Complaints policy Decant policy Asset management policy Current arrears recovery policy		

1. Policy Statement

- 1.1 This policy applies to Loddon Homes and Berry Brook Homes which collectively will be referred to as the Local Housing Companies (the LHC).
- 1.2 The LHC has delegated responsibility to Wokingham Borough Council (WBC) for ensuring that this policy is implemented and delivered.
- 1.3 The LHC recognises that meeting residents' expectations of a high standard of service delivery is a priority wherever possible.
- 1.4 However, it accepts as with any organisation, occasionally mistakes and oversights will occur. It is in cases such as these, that if a claim for compensation is made and it meets the definition(s) set out in this policy, then the LHC will settle the claim quickly.
- 1.5 The consistent handling of claims for compensation when service delivery has been

below the standard expected is therefore of paramount importance.

- 1.6 In applying this policy, the resident may not necessarily have raised a Stage 1 or 2 complaint.
- 1.7 This policy should be referred to when dealing with Stage 1 & 2 complaints.
- 1.8 The LHC is also required to meet its statutory obligations and pay compensation as required by legislation.

2. Scope

- 2.1 The LHC will consider paying compensation to its residents that have been disadvantaged where it has:
 - been negligent in its service delivery
 - failed to meet its service targets
 - not acted reasonably
- 2.2 Compensation will also be considered where:
 - the resident has suffered loss or inconvenience
 - no other form of redress is suitable
- 2.3 When deciding to offer an amount of compensation, consideration will be given to whether there is any fault or delay that was wholly, or in part, the fault of the resident, in particular where they do not take advantage of a solution that the LHC has offered. The LHC will only pay compensation once a complaint has been resolved.
- 2.4 Compensation will be paid by the LHC when this is recommended as part of a determination made by the Housing Ombudsman.
- 2.5 Where the resident has arrears on their rent account, any compensation or payments to which they are entitled will be offset against their rent account. Exceptions to this are where the claimant is in receipt of Housing Benefit/housing element of UC and the arrears are a small accumulation between set payment dates or if the payment is necessary for living costs e.g. temporary accommodation costs. The LHC must inform the resident of its decision to credit the rent account before undertaking this transaction.
- 2.6 Any compensation awarded will usually be paid by BACS transfer.

3. Roles and Responsibilities

In applying this policy, the roles and responsibilities for officers, managers and the Directors are as follows:

Officers: front line staff will usually receive requests for compensation from the resident which may be part of an ongoing complaint. These should be escalated to their line manager at the earliest opportunity.

Managers: will consider and sign off any claim of compensation and also when

responding to a Stage 1 complaint as relevant and in line with this policy and the relevant procedures.

Head of service/ Directors: will consider a claim for compensation as part of a Stage 2 complaint or sign off a claim that is not associated with an ongoing complaint or compensation to be paid following a determination by the Housing Ombudsman.

4. Definitions

	Category	Details
Statutory compensation	Right to repair	When repairs are not completed in the target time and we failed to meet a second target date
	Right to carry out improvements	When a tenant is leaving a property where they have undertaken a qualifying home improvement
	Home loss	Where residents are obliged to move permanently as a result of demolition or major planned redevelopment works, they are entitled to a statutory home loss payment. Residents must have occupied the property for a minimum of one year prior to the date of displacement.
	Disturbance	For disturbance payments, the resident need not have lived in the property for at least a year, but must have the property as their primary residence prior to and at the time of decant. Disturbance payments may be reviewed if there is a breach of tenancy. In accordance with the law, this payment is to cover “reasonable expenses” during the course of an emergency or temporary decant.
Discretionary payments	Temporary moves	Where an extensive repair requires the tenant to be temporarily re-housed / relocated
	Loss of heating & hot water	Where there is a failure in water / hot water and/or heating resultant from a breakdown or repair works.
	Rent based refunds	When the need for a repair causes part or all of the property to be unusable
	Missed appointments	Where the LHC fails to keep to an agreed and confirmed appointment
	Key communal facilities	When lifts, entry phones or communal lighting are out of order for more than

		28 days in a two months' LHC period
	Inconvenience (gesture of goodwill)	At the discretion of a staff member, a gesture can be paid to cover time, trouble, distress etc.
	Damage to household items/possessions	When the LHC causes damage to a resident's belongings during works subject to sufficient evidence being provided.

5. Legislation

5.1 In implementing this policy the LHC must have regard to the following:

- Housing Act 1985
- Land Compensation Act 1973
- Planning & Compensation Act 1991
- Data Protection Act 2018

6. Aims and objectives

6.1 Aims:

- to ensure a quick and equitable conclusion to claims for compensation by residents.
- to meet or exceed recognised best practice.

6.2 Objectives:

- to ensure officers and managers are clear about when they should consider the payment and amount to be paid in managing claims for compensation
- to ensure officers use a joined up approach and swift remedial action to reduce the occasions when compensation must be paid out
- to ensure the organisation and its contractors/third parties learn from each individual claim for compensation
- to ensure a continually improving service to residents through learning from claims for compensation
- to ensure resident confidentiality is respected. However in certain circumstances, there may be a requirement to the sharing of information with a third party, e.g. claim made by a residents' group

7. Authorisation limits

Compensation can only be authorised by a manager with delegated authority. Service managers have an authorisation of level of up to £500, Heads of Service have an authorisation limit of £5000 and the Managing Director has an authorisation limit of over £5000.

8. Equality & Diversity

8.1 The LHC recognises the needs of a diverse population and always acts within the scope

of its own Equality and Diversity Policy, the Human Rights Act 1998, and Equalities Act 2010. The LHC works closely with its partners to ensure it has a clear understanding of its resident community with clear regularly updated service user profiles. The LHC will record, analyse and monitor information on ethnicity, vulnerability and disability.

9. Confidentiality

9.1 Under the Data Protection Act 2018, and the Human Rights Act 1998, all personal and sensitive organisational information, however received, is treated as confidential. This includes:

- anything of a personal nature that is not a matter of public record about a resident, client, applicant, staff or board member
- sensitive organisational information.

9.2 The LHC employees will ensure that they only involve other agencies and share information where there is a legal basis for processing the information.

10. Review

10.1 This policy will be reviewed on a 3 yearly basis or more frequently in response to changes in legislation, regulatory guidance, good practice or changes in other relevant LHC policies.

10.2 Our performance in relation to the delivery of the services and activities set out in this policy will be monitored on an ongoing basis through our established reporting mechanisms to our Senior Management Team, and associated boards.

11. Appendices

Appendix 1: Statutory compensation

Appendix 2: Discretionary compensation

APPENDIX 1

STATUTORY COMPENSATION

Refer to the Planned Maintenance and Repairs & Maintenance policies

Any compensation will be subject to Section 2.5 above

1.0 Right to Repair

1.1 Under Section 96 of the Housing Act 1985, the LHC will compensate a resident when it has failed to undertake a qualifying repair within a set timescale. A qualifying repair is defined as a repair that, if not carried out, will jeopardise the health, safety and security of a resident. In the event that the LHC should fail, after receiving notification, to complete the qualifying repair, the resident will be entitled to compensation of £10 plus £2 per day (up to a maximum of £50) for every day the repair remains incomplete.

1.2 This payment will not be paid where access had been denied or obstructed by the resident.

1.3 Residents can also seek compensation for a missed appointment where no reasonable

notice of cancellation has been given by the LHC. The standard charge of this is £10 for both residents and the LHC.

1.4 The LHC does not pay for loss of earnings experienced by the resident or persons waiting in the property on behalf of them.

2.0 Right to Compensation for Home Improvements

2.1 The LHC has a published list on its website of improvements that residents can make to their homes at their own cost. Undertaking these improvements is subject to the following:

- The resident must have three estimates from three genuine contractors
- The resident must explain clearly why they have chosen their preferred contractor
- Permission must be granted by the LHC to the resident in writing
- The resident should not start work until the estimate is agreed and written consent given by the LHC

2.2 The LHC will not withhold permission unreasonably.

2.3 A 10% deduction will be made from the final sum to cover the cost of inspections and administrative costs.

There is a lower limit of £50 and an upper limit of £3,000 per improvement. These cost limits apply to the amount payable and not to the actual cost of the works and should therefore be applied after the payment has been calculated. A resident may receive recompense for more than one improvement. Any one resident may therefore receive more than £3,000.

2.4 No recompense is payable for:

- the cost of professional fees,
- the cost of planning/building contents,
- the residents' own labour costs,
- works undertaken for which a grant was payable.

2.5 On the termination of a tenancy where qualifying home improvements (refer to the table below) have been made, the resident has a right to seek compensation for the value of the improvement they have made. The formula used to calculate the value under Statutory Instrument 613/94 is:

$$\text{Compensation} = C \times [1 - Y/N]$$

Where:

C = the initial cost of the improvement, which shall exclude the amount of any grant or minor-works assistance.

N = the notional life of the improvement

Y = the number of complete years, with part of a year being rounded up to a complete year.

This starts on the date the compensation is claimed.

2.4 The LHC must inform the resident if the compensation due to them at the end of their tenancy will be offset against any arrears.

Where the tenancy is terminated through legal action by the LHC or through a possession claim based on the resident's breach of tenancy obligations, they will not normally be entitled to compensation. Qualifying Improvement	Notional Life (years)
1. Bath or shower	12
2. Wash-hand basin	12
3. Toilet	12
4. Kitchen sink	10
5. Storage cupboards in bathroom or kitchen.	10
6. Work surfaces for food preparation.	10
7. Space or water heating.	12
8. Thermostatic radiator valves.	7
9. Insulation of pipes, water tank or cylinder.	10
10. Loft insulation.	20
11. Cavity wall insulation.	20
12. Draught proofing of external doors or windows.	8
13. Double glazing or other external window replacement or secondary glazing.	20
14. Rewiring or the provision of power and lighting or other electrical fittings (including smoke detectors).	15
15. Any object which improves the security of the dwelling-house, but excluding burglar alarms.	10

These improvements qualify for Home Improvement compensation under Statutory Instrument 613 of The Secure Tenants of Local Authorities Regulations 1994 and are applied to assured tenants of social housing providers.

3.0 Home loss payments (s.29 Land Compensation Act 1973, as amended by para 3, Sch.15 Housing Act 2004)

The Home Loss Payments (Prescribed Amounts) (England) Regulations 2018 came into force on 1 October 2018 and the amount to be paid to a permanently displaced tenant is £6300. (is amended annually)

Refer to the Decants Policy.

4.0 Disturbance payments (s.38 (3) Land Compensation Act 1973)

These cover 'reasonable expenses' incurred by the entitled resident during moving.

Reasonable expenses relate strictly to the move, and expenses reasonably incurred as a direct and natural consequence of the displacement/move. For example: Redecoration expenses, re-connection charges and redirection of mail, new carpeting, curtains and poles, replacements for fitted wardrobes that cannot be moved to the new home.

Refer to the Decant Policy.

APPENDIX 2

DISCRETIONARY COMPENSATION

Any compensation will be subject to Section 2.5 above

1.0 COMPENSATION FOR TEMPORARY MOVES

When a resident has to be moved from their home for the undertaking of repairs and maintenance works, with a view to return to their home after the completion of works, the LHC will pay a living cost in line with the Decant Policy.

2.0 RENT BASED REFUNDS

When repairs and maintenance works result in parts of a property being rendered unusable by the resident, the LHC will refund a percentage of the weekly rent (calculated at a daily rate) to the resident for each day that the room was unusable. If the resident is in receipt of Housing Benefit/housing element of UC, then it is at the discretion of the Manager as to whether the payment can be made directly to the resident.

The framework for calculating rent refunds are as follows:

Room / Facility	% of Rent to be refunded
Hallway (not communal)	5%
Kitchen	30%
Living Room (where only one in property)	25%
Bath / Shower (where only one in property)	20%
Toilet / WC (Where only toilet)	30%
Bedrooms	30% in 1 bedroom property

Room / Facility	% of Rent to be refunded
	15% per bedroom in 2 bedroom property
	10% per bedroom in 3 bedroom property
	8% per bedroom in a 4 bedroom property
	6% per bedroom in a 5 bedroom property

3.0 PAYMENTS FOR LOSS OF HEATING / HOT WATER

During the winter months (1st November to 30th April inclusive) the LHC will compensate for the loss of heating and hot water. This will only be paid where the loss of facility has resulted from a repair or maintenance concern for which the LHC is responsible. The LHC will not compensate for breakdowns where the energy company is at fault, or where the fuel supply has not been paid for by the resident.

The LHC will pay £5.00 per day for loss of heating and hot water during this period.

The LHC will offer residents emergency heating in the form of electrical convector heaters, where a resident experiences loss of heating supply, during the winter months. The LHC will offer up to four per household, depending on the size of the property and subject to availability. Outside of winter months, emergency heating will be supplied on the discretion of the LHC.

Where emergency heating has been supplied, residents can opt to have an electricity cost reimbursement as an alternative to the £5.00 per day for loss of heating and hot water.

4.0 CHARGEABLE SERVICE PAYMENTS

If the LHC fails to provide a service for which a resident pays services charges, they are entitled to a refund of their charge. The amount to be paid will depend on the cost of that particular service, as indicated by the service charge itinerary. All chargeable services are eligible for this.

Where the repair affects lifts, entry phones and communal lighting, an additional £10.00 will be offered, if the service has not been provided for 28 days or more in a two month period.

5.0 Receipt of these forms of compensation (2-4 above) does not override the resident's entitlement to Right to Repair compensation.

6.0 PAYMENTS OF GOODWILL

In circumstances where a resident has evidently experienced inconvenience, the LHC will use discretion to offer a gesture of goodwill payment. This payment can be between £25.00 and £250.00. The instances where this can operate will vary, although typical examples of use would be:

- Inconvenience
- Inconvenience relating to lack of heating and hot water [if section 3 above not agreed]
- Distress
- Time and trouble (if a claim is for specific costs, e.g. utility bills, the LHC will request evidence)
- Lost opportunity e.g. if a resident has lost the opportunity for a housing transfer because of an the LHC administrative oversight
- Failure to meet service standards, where this has exacerbated an existing situation

It is important for staff to inform the resident in writing that these payments are exceptional gestures of goodwill and does not guarantee that future similar payments will be paid by the LHC.

These can be paid in conjunction with any other type of compensation.

In certain circumstances, an apology for getting things wrong can be in the form of flowers/chocolates for example when agreed by the Service manager.

7.0 DAMAGE DURING WORKS

The LHC encourages and advises residents to have Home Contents Insurance to cover for damage to their property. The LHC's buildings' insurance does not cover residents' own furniture, fittings and belongings. The LHC will therefore not meet the cost of such damage.

If, however, damage to personal property has been caused during works by a contractor or member of staff, the resident should address their claim to the LHC. This claim should be made with evidence of the loss and damage and if possible the cost of replacement. The LHC and / or the contractor will cover this cost subject to investigation. This may be in the form of repair works, replacement items, cleaning, redecorating or a payment.

All other claims should be made through residents' own home contents insurance.

APPROVED