

Compensation for Improvements Policy

Date Written: September 2013

Dates Reviewed: September 2015, April 2019, April 2020

Purpose: To set out the Bernicia policy on offering compensation to tenants following works in their property or failure to complete works within a satisfactory timescale or to a satisfactory standard.

Scope: This is a group policy and is applicable to all customers.

Definitions: None.

Associated Documents:

Compensation Policy

Housing Management Decant Policy

Date For Review: April 2023

Responsibility:

Director of Housing

Policy

1. Introduction

- 1.1 Bernicia recognises that, whilst a number of rights are embodied within both the tenancy agreement and statutory provision, there are still situations which may arise where tenants may, because of action or lack of action taken by the group have to meet additional financial outlay or suffer a loss in services provided.
- 1.2 This document defines the areas where, as a matter of policy, the group are prepared to partially compensate tenants for losses which can arise.

2. Policy statements

2.1 Improvements Undertaken by Bernicia

- 2.1.1 This relates to damage caused to decoration as a result of action carried out by the group or its contractors and/or disturbance to floor coverings following such action.
- 2.1.2 The following categories of works are those in which consideration of compensatory payments will be granted:
 - Contribution towards the cost of re-decoration following major improvements.
 - Contribution towards the cost of replacing floor coverings or damaged wall coverings.

2.2 Major Improvements

- 2.2.1 Whole house Improvements are those where a number of major works are carried out at the same time, such as; a damp proof course, renew flooring, replacement window frames, installation of new or replacement kitchen and/ or bathroom, rewiring, installation of a heating system and re-roofing where necessary.
- 2.2.2 Some compensatory items, such as removal and disturbance costs are covered by the group's Housing Management Decant Policy and the below-mentioned items are in addition to that policy:
 - On completion of improvement works, where no internal re-decoration has been included within the contract sum, an allowance per undecorated room will be granted up to a maximum of **£240** per property.
 - If during the course of the improvement works the room sizes are altered and tenants' existing floor coverings cannot fit then an ex-gratia payment to the maximum of **£75** per dwelling will be granted.

The level of award granted will be dependent on the amount of disturbance in terms of floor space.

2.3 Programmed Work – Replacement Items

- 2.3.1 Items to be considered include replacement of kitchen units, window frames, bathroom fittings, heating appliances, and in most cases the works will have been planned some time in advance and will be scheduled for a whole scheme.
- 2.3.2 In replacing some fixtures and fittings within a dwelling it is not always possible to replace the different items with one which is of the exact same dimensions. However, in most cases this can be determined before the contractual work commences. The group's officers will therefore, at the planning stage of any such project, assess the possible damage to decorations or floor coverings.
- 2.3.3 The compensatory payment will be estimated on a room by room basis but will not exceed £20 for re-decoration or £50 towards making good floor coverings.
- 2.3.4 During the consultation process for any project the tenants concerned will be advised of the compensatory amount which the group has determined.
- 2.3.5 On occasions there may be instances where a tenant suffers some loss and this could not have been foreseen prior to the contract. In these instances the relevant service manager will investigate the matter and if considered appropriate, will determine and authorise a compensatory payment to a maximum of £200 in any one instance.

2.4 General Repairs – Damage to Decorations

- 2.4.1 Bernicia encourages and advises all of its tenants to ensure that they provide for themselves adequate domestic contents insurance. Most policies in this category will provide some form of reimbursement for accidental damage resulting from fire and flood. It is not the group's intention to provide compensation for those persons who have not obtained such suitable insurance cover.
- 2.4.2 The group will, however, award compensation where as a result of fair wear and tear an item has had to be replaced within the dwelling and that as a result of such replacement some disfigurement has occurred to internal decorations. Items which will be considered under this policy will be sanitary fittings, kitchen units, window frames, fireplaces and other large items which had to be renewed. This will not include items such as light fittings, switches, sockets, radiators. All claims for compensation under this section must be made in writing to the relevant service manager within 28 days of the completion of the work.

- 2.4.3 An assessment of the damage will be made and recorded by the relevant service manager who can grant compensation to a maximum of £200.

2.5 Qualifying Improvements on Termination

- 2.5.1 Bernicia Assured and Secure tenants may have the right to claim compensation when they terminate their tenancy for qualifying improvements they have made during the course of the tenancy with the company's consent.
- 2.5.2 In order to be eligible for compensation tenants must follow the agreed procedures.
- 2.5.3 Bernicia shall use the list of qualifying improvements with their associated notional life and the formula for calculating compensation as laid down in the Secure Tenants of Local Authorities (Compensation for Improvements) Regulations 1994. The agreed amount of compensation paid to the tenant will take into account the period of depreciation from when the improvement was made and the notional life expectancy of the improvement.
- 2.5.4 The agreed amount of compensation may be used by Bernicia to offset any sums owed by the tenant. Where the termination is due to a possession order for breach of tenant's obligation the tenant will not be entitled to compensation.
- 2.5.5 Permission requests to undertake qualifying improvements must be made in writing, addressed to the Head of Housing (North or South), Retirement Housing Manager or the Assistant Director (Care & Support) seeking approval to include the works under the Compensation for Improvements scheme and outlining the precise nature of the works, plans and other drawings must be provided where appropriate.
- 2.5.6 The tenant must obtain three written quotations from bona fide contractors.
- 2.5.7 The tenant must provide Bernicia with copies of these quotations and advise which contractor is to undertake the work.
- 2.5.8 The Head of Housing (North or South), Retirement Housing Manager or the Assistant Director (Care & Support) shall acknowledge receipt of the completed application and shall consider each application and advise whether the improvement falls within the Association's agreed compensation for improvement scheme, within 28 days of receiving a completed application.

- 2.5.9 The Head of Housing (North or South), Retirement Housing Manager or the Assistant Director (Care & Support) shall outline the procedure for completion under the compensation for improvements scheme and shall, in granting consent, identify:
- Compensation will only be paid at the end of the tenancy.
 - Depreciation will be deducted at an appropriate rate.
 - The amount of compensation may be used by Bernicia to offset any sums owed by the tenant.
 - Where the termination is due to a possession order for breach of tenant's obligation the tenant will not be entitled to compensation.
 - In order to be eligible for compensation the applicant must follow Bernicia's agreed procedure.
 - The workmanship and materials used must be of a satisfactory standard.
- 2.5.10 The Head of Housing (North or South), Retirement Housing Manager or the Assistant Director (Care & Support) shall confirm acceptance of the agreed price. Bernicia reserves the right to impose a notional price for the improvement if the quotations or the level of works are deemed to be of a higher quality or price than it would have been had Bernicia undertaken the work.
- 2.5.11 Consent may be withheld where the improvement:
- Is not a qualifying improvement.
 - The applicant has not provided sufficient details to enable the application to be considered.
 - The improvement is not in keeping with the appearance of the rest of the dwelling.
 - The improvement would result in the dwelling being more difficult to let following the improvement.
- 2.5.12 Consent may be awarded, conditional upon the applicant receiving relevant approvals including; planning and building regulation approval etc.
- 2.5.13 The tenant must not instruct the successful contractor to commence works until the written consent of Bernicia is received.
- 2.5.14 The tenant must notify the Bernicia within 14 days of completion of the works, so that the works may be inspected.
- 2.5.15 Claims for compensation must be made in writing, addressed to the relevant Head of Housing or Retirement Housing Manager or Assistant Director (Care & Support), within the period starting 28 days before, and ending 14 days after the tenancy comes to an end. The tenant must allow Bernicia access to inspect the works following the claim for compensation.

2.5.16 The amount of compensation will be determined using the formula as laid down in the Secure Tenants of Local Authorities (Compensation for Improvements) Regulations 1994. The agreed amount of compensation paid will take into account the period of depreciation from when the improvement was made and the notional life expectancy of the improvement.

$C \times (1 - Y/N)$ where:

C = Cost of the improvement

N = Notional life of the Improvement

Y = The number of whole years passed since the works were completed.

2.5.17 The cost of improvement shall exclude any amount received by way of grant and compensation will not be paid where the level is less than £50 or greater than £3,000.

2.5.18 Bernicia reserves the right to take into account the rate of deterioration if considerably different from the notional life of the improvement.

2.5.19 The agreed amount of compensation may be used by Bernicia to offset any sums owed by the tenant.

2.5.20 Where the termination is due to a possession order for breach of tenant's obligation the tenant will not be entitled to compensation.

2.5.21 Compensation shall not be paid where the tenant has exercised the right to buy or right to acquire, or the property has been disposed of to the tenant.

2.5.22 Compensation shall not be paid where a new tenancy has been established by the creation of a joint tenancy, or a sole tenancy, involving those tenants residing in the premises when the improvement works were completed.

2.6 Rent Arrears

2.6.1 Where tenants' rent accounts are not up to date or they owe Bernicia any other monies, Bernicia reserves the right to credit any monies due to offset such debts.

2.7 Appeals

2.7.1 If an applicant should disagree with the level of compensation offered or a decision not to grant compensation, they may make an appeal in writing (a member of staff can assist with this where necessary), asking for the case to be reviewed. Applicants should give clear reasons as to why they disagree with the decision. Third parties may make the appeal on behalf of the applicant and additional supporting information may be submitted.

- 2.7.2 Bernicia will respond to any appeals within 14 days. Appeals will be reviewed by the relevant Head of Housing (North or South), Retirement Housing Manager or the Assistant Director (Care & Support).
- 2.7.3 Where it is considered that the compensation paid should be greater than that detailed within the policy then this shall be dealt with under the Compensation Policy.

3. Responsibility for implementation

- 3.1 It is the responsibility of the Director of Housing to ensure that this policy is used fairly to compensate tenants, where appropriate, as outlined in the guidance set down in this policy.

4. Actioning the policy

- 4.1 This policy will be actioned whenever a tenant makes a compensation request.
- 4.2 In all instances of compensation payments being required, staff should consult this policy.
- 4.3 Compensation should not be paid in levels that differ from this policy, unless the Director of Housing agrees to it.

5. Monitoring the policy

- 5.1 A record of all compensation payments made will be kept across the group to ensure that the policy is consistently applied.

6. Resources

- 6.1 There is likely to be a direct impact on resources as a result of this policy being implemented, as the policy details the amounts of money that are considered appropriate compensation for tenants to be awarded.
- 6.2 A budget should be set aside in order to pay compensation from to ensure that this policy does not have an adverse impact on resources.

7. Equality and Diversity

- 7.1 A risk assessment has been conducted and it has been found that there are no adverse effects of this policy on any individual group.

Uncontrolled if printed – This may not be the latest version of the policy

All policies must be printed from Connect only – please make sure it is the latest version.

Policy Planning Document (PPD)

Section A	
Policy Title	Compensation for Improvements Policy
Policy Purpose	This sets out the Bernicia policy on offering compensation to tenants following works in their property or failure to complete works within a satisfactory timescale or to a satisfactory standard.
Staff/Departments that must be tested	All operational staff – Housing Services.
Staff/Departments for mandatory read	All operational staff – Housing Services.
Supporting Procedures and other documents	N/A.
Associated Policies	Compensation Policy.
E&D Completed?	Yes.
Reason for review (scheduled/non-scheduled)	Scheduled.
Minor or Significant change?	Minor.
Have all legal implications been considered in the policy?	Yes.
Details of Changes (if any)	Minor amendments to wording and reference to the Secure Tenants of Local Authorities (Compensation for Improvements) Regulations 1994.
Does this policy meet regulatory requirements?	Yes.
How is the impact of this policy measured?	Effect will be measured by recording and monitoring the impact of the implementation of this policy. This policy has a Value for Money element as it will ensure that where applicable compensation costs are administered efficiently and will be closely monitored and analysed by the Heads of Housing, Retirement Housing Manager and the Assistant Director (Care and Support). All customers will have access to this policy as and when required.

Section B – Compliance & Communication

Training	
Testing	
Other	

Section C – Only to be completed if the policy is new or has significant change(s)

What good practice and external learning sources have been used?	
Who have you consulted?	
Approval and review by relevant Board/Committee/Director	

Section D (must be completed)

Policy Holder	Steven Adey
Next Review Date	April 2023

Equality and Diversity Impact Assessment

Policy Name: Compensation for Improvements Policy

Date: April 2019

Names of those undertaking the assessment: Bernie Hogg

Question 1: Please delete as appropriate.

Are there concerns that this policy or practice could have a positive or negative impact on any of the following?							
Race	Gender	Age	Sexual Orientation	Disability	Religion	Gender Reassignment	Other
N	N	N	N	N	N	N	N

Question 2: Please complete all fields, detailing any supporting knowledge you have for your assertions. Please note, the term N/A should not be used, and all field should be completed.

Please describe the positive and negative impacts for each group as identified above, and what supporting knowledge you have for identifying these impacts:		
Race	Impact	The policy is considered to have a neutral impact.
	Support knowledge	Access to the service is assisted by the use of translation services and support from appropriate agencies.
Gender	Impact	The policy is considered to have a neutral impact.

	Support knowledge	The policy does not differentiate on the basis of gender.
Age	Impact	The policy is considered to have a neutral impact.
	Support knowledge	The policy does not differentiate on the basis of age.
Sexual Orientation	Impact	The policy is considered to have a neutral impact.
	Support knowledge	The policy does not differentiate on the basis of sexual orientation.
Disability	Impact	The policy is considered to have a neutral impact.
	Support knowledge	The policy does not differentiate on the basis of disability.
Religion	Impact	The policy is considered to have a neutral impact.
	Support knowledge	The policy does not differentiate on the basis of religion.
Gender Reassignment	Impact	The policy is considered to have a neutral impact.
	Support knowledge	The policy does not differentiate on the basis of gender reassignment.
Other	Impact	N/A
	Support knowledge	N/A

Question 3: Please complete all fields.

Can any of the above impacts be justified? Please describe how and why.	
Race	N/A
Gender	N/A

Age	N/A
Sexual Orientation	N/A
Disability	N/A
Religion	N/A
Gender Reassignment	N/A
Other	N/A

How do you feel that you can minimise any of the negative impacts identified? Please describe what actions you will take to do so, and undertake or escalate these as appropriate.

N/A

Does this policy require a fuller impact assessment?

Please delete as appropriate