

COMPENSATION PROCEDURE



MONITORING INFORMATION:

POLICY/PROCEDURE/STRATEGY:	COMPENSATION PROCEDURE
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OWNER:	HEAD OF CUSTOMER EXPERIENCE & INSIGHT
APPROVAL ROUTE:	EXECUTIVE MANAGEMENT TEAM

Compensation Procedure

Introduction

There are two types of compensation that as a Landlord Teign Housing are obliged to make.

- A compensation payment due to legal requirements
- A discretionary compensation payment which as a Landlord Teign Housing chooses to make.

The areas where we will make a compensation payment due to legal requirements are:

1. Compensation for home loss and disturbance
2. Compensation for the right to repair
3. Compensation for the right to improve
4. Compensation for missed appointments

The areas where we will make a discretionary compensation payment are:

5. Compensation as a result of financial loss
6. Compensation due to failure of services subject to a service charge
7. Compensation due to loss of facilities in the home
8. Compensation as a result of severe distress or inconvenience following complaint.
9. Reimbursement for running costs of back up heaters or dehumidifiers.
10. A Goodwill gesture

1.0 Compensation for home loss and disturbance

Legislation framework:

Home Loss and Disturbance: 'Land Compensation Act 1973 as amended by the Planning Act 1991'

Decanting is the term used to explain the process when residents are required to move from their homes due to works being carried out that cannot be carried out whilst they are in residence. This includes when a resident has to move because their home is due to be demolished or disposed of, and when extensive structural or intrusive works are required.

Decants can be separated into 2 different types:

- **Permanent decant** – when the resident is required to move out of their home and there is no intention for them to return, e.g., part of a regeneration scheme
- **Temporary decant** – when the resident is moved out of their home to enable works to be carried out and the intention is for them to return. When deciding whether to temporarily decant someone, factors such as the length and extent of the disruption, the cost, the household formation and the residents' wishes should all be considered.

In the unlikely event that Teign Housing asks a resident to make a permanent move from a home they have lived in for at least one year for the purpose of redevelopment or demolition, we will pay a home loss payment. This amount is set out in section 30 of the above Act and is reviewed annually, so any claim will be assessed against the current amount set.

We will also make a disturbance payment to cover removal costs. Compensation claims must be made within 42 days from the start date on which the four weeks' notice period to move out begins.

If we need to move a tenant out of their home temporarily, we will pay the removal costs.

The removals may be arranged directly by us. We have a separate decant procedure which should be referred to in such situations.

2.0 Compensation for the right to repair

Legislation framework:

The Right to Repair – ‘Common hold and Leasehold Reform Act 2002’

1 working day	3 working days	7 working days
Burst water pipe. You have no water. Serious flooding. Fire damage.	There is a partial loss of water. Minor or local flooding.	The roof is leaking (temporary repairs may only be possible within this period if the roof is difficult to access safely).
Gas leak or smell of gas. Major fault with electricity supply or Unsafe electrical fittings.	A sink bath or basin is completely blocked.	A door entry phone is not working.
The heating or hot water are not working (between 1st October and 31st May).	The heating or hot water are not working (between 1st October and 31st May).	
Breaches of security to outside doors and windows (e.g., following a burglary).	Broken glass in windows or doors (where security has not been breached).	
A serious leak from a pipe, tank or cistern which cannot be temporarily contained.	There is a leak from a pipe, tank or cistern which can be temporarily contained.	
Breakdown of passenger lift.	You have a loose banister or handrail, or rotten / damaged wood on the floor or stair treads.	
Failure of alarm/call system.		
Blocked flue open fire or boiler		
A sewer, drain or soil stack are blocked (or you only have one toilet, and it can't be flushed).		
Severe storm damage		
Any other problem or defect which puts the health, safety, or security of a tenant or a third party at immediate risk, or which affects the structure of the building adversely		

3.0 Compensation for the right to improve

Legislation framework:

The Right to Improve – ‘The Housing Act 1985 and the Secure Tenants of Local Authority Regulations 1994’

In 2002 A Right to Compensation for Tenants Improvement scheme was introduced. Its purpose was to provide compensation for tenants who have paid for improvements to their home but have to leave before they gain the full benefit from their investment. Compensation will be paid upon the residual value of the qualifying items. The valuation is based upon the projected life of the improvement as shown in the table below, please note this is not an exclusive list we will look at other improvements on a case-by-case claim.

Compensation will be paid up to £3,000.

	Projected life (in years) of improvement
Bath or Shower	12
Wash hand basin	12
Toilet	12
Kitchen sink	10
Storage cupboards	10
Work surfaces	10
Space or water heating	12
Thermostatic radiator valves	7
Insulation for pipe, water tank etc.	10
Loft insulation	20
Cavity wall insulation	20
Draught proofing of doors and windows	8
Double glazing/secondary glazing	20
Rewiring or the provision of power and lighting or electrical fittings	15
Items improving security, excluding burglar alarms	10

Claims for compensation under right to improve must be made no more than 28 days before or 14 days after the date on which the tenancy ends.

How we calculate compensation for improvements:

Compensation will be calculated according to the following formula which considers wear and tear and depreciation:

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

- C = Original cost of the improvement (any financial assistance, such as a grant, that was paid towards the cost of the improvement will be deducted from the cost)
- Y = the number of complete years the improvement has been in place (with part of a year rounded up to a complete year) starting on the date the improvement was completed and ending on a date the compensation is claimed
- N = the projected life of the improvement

Variations to Compensation Payment:

Deductions to the compensation payable will be made if:

- The cost of the improvement was excessive based on average costs already utilised within Teign Housing contracts.
- The age of the existing item being improved (e.g., kitchen) as installed by Teign in line within the projected life of improvement as per the table above.
- The improvement is of a higher quality than it would have been if Teign Housing had done the work.
- The improvement has deteriorated at a greater rate than the projected life of the improvement as per the table above.
- Any money is owed to Teign Housing by the tenant (e.g., rent arrears, rechargeable repairs and other outstanding debts).

An increase to the compensation payable may be made if the improvement has deteriorated lesser than the projected life of the improvement (from table A). Compensation can be claimed for the cost of materials (but not appliances such as cookers and fridges) and labour costs (but not the tenants own labour). No compensation can be claimed for professional fees (such as architects), or the cost of any relevant planning permission or consent under building regulations.

Limits to compensation:

Compensation will be payable to a maximum of £3000 for any one improvement. No payment will be made if the level of compensation is less than £50.

Compensation will not be paid in any of the following circumstances:

- the tenant is purchasing their home (but in such cases the improvement is not considered in the valuation process);
- the tenancy is terminated as a result of:
 - (i) the Association issuing a Notice seeking Possession
 - (ii) a Court issuing an Order for Possession or
 - (iii) the Association issuing an Abandonment Notice
- a new tenancy for the same property is granted to the qualifying tenant, or all the joint tenants, whether or not with anyone else.

4.0 Compensation for missed appointments

Legislation framework:

The Right to Repair – ‘Common hold and Leasehold Reform Act 2002’

If a Teign Housing, Templer HomeBuild employee or a contractor fail to attend an agreed repair appointment a payment of £20 will be payable. This cannot be claimed if there is evidence that there has been reasonable attempts to contact (text, email, telephone call, note through door) in advance of the appointment being cancelled, or the resident was not in a position to allow us access.

If a new appointment is made and missed a further payment of £25 will be due. Any further missed appointments for the same job will be payable at £50 per missed appointment. To qualify for a missed appointment payment, the resident must have been available to allow access during the appointment time and agreed the appointment in advance.

We do not compensate for loss of earnings. Whilst repair works will inevitably cause some inconvenience to residents, their tenancy agreement requires them to allow us access to undertake repairs as required. We do not recompense for any utilities used during the repair or planned works within a property. The majority of our tools are battery operated and fully charged prior to commencing work.

However, should a resident feel that we have used an excessive amount of gas/water/electricity they should contact their utility supplier and request a comparison of units used for the same period the previous year. When this information is presented, we will assess and discuss our findings with the resident. This may or may not result in an agreed payment.

5.0 Compensation because of financial loss

Discretionary Compensation:

Teign Housing can assess individual cases and award compensation.

If we have a service failure which results in damage to a resident's personal items, we should look to make sure the resident is no worse off than before the service failure.

Each circumstance is different but examples of how we should compensate are:

- **Decoration:** this will be completed by Templer HomeBuild ensuring it is restored to how it was prior to the service failure.
- **Flooring:** we may offer to have the flooring professionally cleaned or if a replacement is required, we may either look to a subcontractor to replace them or agree an amount with the resident and let them purchase and replace the flooring.
- **Furniture:** to be restored or replaced. We would need to discuss its age and wear and tear to establish a suitable compensation offer.

Replacing decorations, clothing or furniture damaged on Teign Housing's premises by unsatisfactory conditions e.g., damp and mould.

It is the resident's responsibility to report repairs to Teign Housing promptly to reduce the risk of possessions being damaged. If we are not made aware of the issue, we cannot resolve it and therefore items damaged by damp or mould we have not been made aware of should be claimed through a residents own contents insurance.

In some cases that have been reported to us, damage may be the result of Teign Housing, Templer HomeBuild or their subcontractor's failure to complete repairs reported by the resident and not completed within an agreed time frame. In these circumstances compensation may be paid providing the delay is proven and full access has been given by the resident. Any compensation paid will reflect the value of the items damaged taking into consideration wear and tear. Where photographic evidence and receipts are not available, we would complete a home assessment to discuss all the items damaged and agree a compensation figure. For damage to a resident's decoration, we would look to either redecorate or arrange for decorating vouchers to enable the resident to redecorate themselves.

6.0 Compensation due to failure of services subject to a service charge

Discretionary Compensation:

Teign Housing can assess individual cases and award compensation.

Where a resident pays an extra charge for a service, such as grounds maintenance and /or caretaking and that service fails for a continuous period of more than 7 working days after it was due to be provided, the resident will be entitled to compensation for the break in service.

7.0 Compensation due to loss of facilities in the home

Discretionary Compensation:

Teign Housing can assess individual cases and award compensation.

Compensation may be payable in the event of repairs which are the responsibility of Teign Housing and prevent a resident from using all of their entire home.

Compensation will be calculated as follows:

$$\text{No of weeks} \times \text{Weekly rent} \times \frac{\text{The number of rooms unavailable for use}}{\text{The total number of habitable rooms (Excluding the bathroom)}}$$

For example, loss of use of one bedroom in a two-bedroom flat with kitchen and living room would give compensation equivalent to 25% of the rent for the period which the repair remained incomplete. The compensation would only apply from the date the item of repair was overdue for completion, until its satisfactory completion. The minimum period for which compensation would be payable is one week.

8.0 Compensation because of severe distress or inconvenience following complaint.

When dealing with a complaint we may make a payment for the inconvenience, or any distress suffered which will reflect the individual circumstances. For example, the impact of a service failure may be greater on a disabled or older resident, and this would be reflected in any compensation paid.

We can offer compensation at any stage of the complaints process. As a guide we will use the following scale when deciding how much compensation we should pay.

Degree of Teign Housing / Templer HomeBuild's responsibility	No Impact	Low Impact	Medium Impact	High Impact
None	£0	£0	£0	£0
Partial	£0	Up to £25	Up to £75	Up to £125
Full	£0	Up to £50	Up to £150	Up to £400

Low Impact:

Where the complainant has just cause and the duration was short but there has been minimal, or no inconvenience or distress caused by the service failure. The circumstances are such that although the manager accepts the service failure the impact is no greater than a reasonably tolerant person could be expected to accept, and the compensation constitutes a token acknowledgement of the failure to perform. Should this be repeated whilst attempting to put things right we would consider escalating to a medium impact.

Medium Impact:

Where the service failure is clearly an injustice to the complainant and markedly failed to meet the required standards and there is evidence of a moderate degree of inconvenience or distress. Medium impact should be where there is no permanent impact on the complainant.

High Impact:

These relate to a serious and significant service failure giving long term impact of maladministration or severe maladministration. The complainant will have suffered a considerable degree of inconvenience or distress as a result. High Impact could apply where the complainant has incurred expenses directly related to the service failure, or directly related to actions or inactions by Teign Housing.

9.0 Reimbursement for running costs of back up heaters or dehumidifiers.

Discretionary Compensation:

Teign Housing can assess individual cases and award compensation.

Running cost of back up heaters

During the winter months of 1st October to 31 May, there are times when we may have to wait for parts or replacements, or to get authorisation to replace a boiler in order to complete a heating repair. This may vary depending upon a resident's vulnerabilities for example, where they may need to use heating even in the summer months. An assessment of each situation would be made prior to making a judgement.

We will arrange for back up electric heaters to be delivered and will drop off 1 heater per used room excluding kitchen, bathrooms and hallways. See below:

- One bed property = 2 heaters - 1 bedroom and 1 living room
- Two bed property = 3 heaters - 2 bedrooms and 1 living room.
- Three bed property = 4 heaters - 3 bedrooms and 1 living room.
- Four Bed property = 5 heaters - 4 bedrooms and 1 living room

If there is under occupancy, we will adjust accordingly. If there is over occupancy, we will refer this to the Housing Team.

We will reimburse the resident for the running costs for the duration of the period used. This is based on a daily amount per heater in line with the average supplier tariffs at the time. We will request the resident's bank details via email or letter and will arrange payment for the entire projected time for the repair or replacement. We will aim for it to be paid as near to delivery of the backup heaters as possible. We will then review a week before the projected end date and if the repair or replacement is delayed, we will authorise a further payment and advise the resident of the delay and payment. If a resident has not given us access after two appointments are offered, we will not continue to pay for back up heating. Supplier tariffs are regularly reviewed and the current rates can be found on SharePoint.

In some cases, when back up heaters are left in a property, they will be gifted to the resident, and we will log this on our system. A letter will be given to the resident explaining we are gifting the heaters and that it will become their responsibility to maintain them. If there are subsequent heating failures and a resident uses the gifted heaters, the same reimbursement will be applied. We will also offer that they can be returned to Millwood House if the resident does not wish to have them gifted.

Running cost of a dehumidifier

Following a leak, or where damp is identified, we may need to request a dehumidifier is used to dry the area out. In most cases the dehumidifier will take 2 weeks to dry a property out. We will deliver and arrange collection once the area has dried. Based on this, we will automatically pay a resident two weeks' running costs as near to the drop-off date as we can. We will request the resident's bank details in writing by either email or letter and then arrange a payment. If for any reason, we have to extend the drying period we will update the resident and arrange a further payment. If a dehumidifier is not needed for the full two weeks to dry the property out, we will arrange collection. However, we would not expect the resident to repay any of the money already paid to them.

10.0 A Goodwill gesture

In some cases, we may offer a discretionary goodwill gesture to acknowledge that there has been a service failure that we are not necessarily responsible for but are committed to putting right and to restore good relations.

Goodwill gestures can include a stand-alone item such as flowers, chocolates or vouchers and will not exceed £50 in value. In exceptional circumstances these can be made alongside compensatory payments. All staff can recommend a goodwill gesture if they feel appropriate, but all goodwill gestures should be agreed with their line manager before being offered to a resident.

11.0 Conclusion

We will always look at each situation and assess the best way to compensate for a service failure. This may not always be a financial award, and instead, we may look to offer a replacement or repair by our internal team. We would discuss this with the resident to ensure what we offer is the best option for them.

A workflow document is attached to this procedure regarding the areas we will pay compensation and how.