

Compensation Policy and Procedure

Policy Statement

Purpose

This procedure will ensure that compensation payments are fair and proportionate. Each case will be considered on its individual merits and discretion and common sense will be applied, whilst we ensure we are consistent with our approach.

Legal Obligations

Orwell is governed by legislation and good practice relating to the payment of compensation. This is used to decide when and how much mandatory compensation will be payable. Compensation payable under legislation includes:

- Right to Repair – Common hold and Leasehold Reform Act 2002;
- Right to Compensation for Improvements – The Housing Act 1985 and the Secure Tenants of Local Authority Regulations 1994;
- Home Loss and Disturbance payments – Land Compensation Act 1973 as amended by the Planning Act 1991.

Orwell's Commitment

- Orwell is committed to looking at each case whereby compensation is claimed on an individual basis.
- Orwell aims to resolve issues as quickly as possible.
- Complaints will be dealt with under the Complaints Policy and Procedure.
- Orwell is committed to following guidance from the Housing Ombudsman and the Complaints Handling Code.

Types of Compensation

There are three different types of compensation, explanations of what these covers are detailed within the procedure:

- Mandatory (such as statutory home loss payments);
- Quantifiable loss payments (where people can demonstrate actual loss);
- Discretionary payments (for time and trouble/distress and inconvenience.)

The procedure follows this Policy Statement.

Procedure

This Procedure provides guidance on what action to take when a claim of compensation is requested.

Standing Orders should always be referred to before any payment is made to ensure that colleagues have the relevant delegated authority to award compensation. Approval may be required from a line manager or senior manager depending on amount of compensation.

When claim of compensation is being considered, the first action is to determine which type of compensation it is, explanations of the three different types of compensation and what is included within each type is detailed below:

Mandatory

Right to Repair

This scheme sets out repairs which have to be completed within a certain time, and include:

- Small repairs which can be done quickly and easily;
- Urgent repairs where there is a possible risk to health, safety or security.

The repairs which are covered by the Right to Repair are known as 'qualifying repairs' and cost less than £250 to carry out, they include:

- Loss of electrical power, gas or water supply (outside Orwell's control);
- No heating or hot water;
- Blocked or leaking foul drain, soil pipe or toilet;
- Blocked flues to fires or boilers;
- Blocked sink or bath;
- Leaking pipes or roofs;
- Insecure windows or doors;
- Door entry not working.

A full list of qualifying repairs is available in Appendix 1.

If Orwell or a contractor employed by Orwell fail to carry out a 'qualifying' repair that has been reported on two separate occasions within the published repair timescales and the resident has allowed reasonable access to the property, a one-off compensation payment of £10 can be claimed, plus £2 for each day the repair continues to be outstanding up to a maximum of £50. This will not be payable if the delay is due to the availability of a non-standard part and the resident has been informed.

Right to Compensation for Improvements

If you wish to be compensated for improvements that you make to your property you will need to check with your Housing Officer that certain criteria are met. You will need to follow the guidelines as set out before we will give permission in writing for the work to start.

We will inspect the improvements when completed, and sometimes whilst they are in progress. When permission is given by us to start work we will inform you that compensation will only be paid when you move out and this may be deducted from any money that you may owe to us.

You will also be made aware that the final sum of compensation payable will not be the full amount you paid to the contractor, as depreciation will be deducted.

You should also note that if your tenancy is ended through possession proceedings because you have broken the terms of your agreement, you may forfeit any compensation.

At the time of writing, compensation is limited to sums between £50 and £3,000. To calculate the compensation payable, the Association use the following formula:

$C \times (I - y/n)$ where: C = cost of improvement (excluding grants); N = notional life of improvement; Y= number of years completed (rounded up).

The Association may adjust the calculated payment for the following reasons:

- The cost of the improvement is excessive.
- The improvement is of a higher standard than Orwell would normally effect.
- The improvement has deteriorated faster than the notional life suggests.
- The improvement has deteriorated less than the notional life suggests.

A full list of qualifying improvements is available in Appendix 2.

Statutory Home Loss Payment And Disturbance Allowance

Where a resident is required to move permanently by Orwell, compensation will be paid in accordance with the statutory Home Loss Regulation. This amount is set out in section 30 of the Land Compensation Act 1973 and is reviewed annually. It is in addition to reasonable compensation for disturbance and is only payable to secure or assured tenants who have held their tenancy for at least one year. The payment will only be made once the permanent move has taken place.

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 two 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.

Residents may claim Disturbance Allowance for the actual costs and reasonable expenses that occur as a direct consequence of a decant. Residents will be required to produce written estimates from reputable contractors and claims may include payment for removals, disconnection and reconnections, and redirection of mail.

Disturbance Allowance may be made whether the move is permanent or temporary. It may not be claimed if the temporary move is a result of a fire or flood as the resident's home content insurance would be expected to cover such costs. Costs for food and other expenses can be considered on a case-by-case basis, however receipts will be required

Quantifiable Loss Payments

A Quantifiable Loss could include increased heating bills due to disrepair, having to pay for alternative accommodation or take-away food, paying for cleaning or carrying out repairs where a landlord has failed to meet its obligations. Any claims for such costs must have been reasonably incurred and evidence of such loss has been provided.

Whereby there is no direct liability, for example a flood or fire, in the first instance a claim should be made on a customer's home contents insurance.

Evidence may include, photographs of damaged items, receipts, invoices of works, utility bills etc.

Missed Appointments

If an Orwell employee or a contractor, fails to attend an appointment on the day the repair had been arranged for, a payment of £20 can be considered. This cannot be claimed if the resident is advised at least 24 hours in advance that the appointment is cancelled.

If a new appointment is made and missed a further payment of £25 will be considered. Any further missed appointments for the same job will be considered 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.

Discretionary Payments

Discretionary Payments are used when there may not be any financial losses however there has been overall distress and inconvenience caused to the resident by the particular circumstances which may include, but is not limited to:

- poor complaint handling;
- delays in providing a service, e.g. in undertaking a repair;
- failure to provide a service that has been charged for;
- temporary loss of amenity;
- failure to meet target response times;
- loss of use of part of the property;
- failure to follow policy and procedure;
- unreasonable time taken to resolve a situation.

In order to calculate the amount of compensation awarded, we will consider the duration of the problem and extent or severity of the service failure. We will also account for vulnerabilities and identify that any impact is worsened through disability, old age or the presence of young children. The following table will be used which is in line with the Housing Ombudsman guidance on remedies. This is a guide only and we are aware that the categories may be considered subjective. When deciding on an amount awarded, the Complaints Handler or person awarding compensation must clearly record how they have reached that conclusion to ensure we are clear and transparent with our decision making.

Level of Compensation	Finding	Impact on resident	Circumstances
£50 to £100	Minor service failure	Minimal short duration, this might include distress and inconvenience, time and trouble, disappointment, loss of confidence, and delays in getting matters resolved.	There were minor failures in the service we provided, and we did not appropriately acknowledge these and/or fully put them right.
£100 to £300	Moderate service failure	As above, however no permanent impact.	There was a failure which negatively affected the resident. We failed to acknowledge our failings and/or made no attempt to put things right.
£300 to £600	Moderate to severe service failure	Significant impact Physical and/or emotional impact	There was a failure which seriously affected the resident. We failed to acknowledge our failings and/or made no attempt to put things right.
£600 to £1,000	Severe service failure	Significant impact Physical and/or emotional impact	There was a failure which had a significant impact on the resident. The need to put things right is substantial.
£1,000 +	Severe service failure	Severe long-term impact	There have been serious failings. There was a single significant failure in service or a series of significant failures which have had a seriously detrimental impact on the resident.

Other Remedies

There may be circumstances whereby in order to resolve a complaint we offer other solutions. These can include practical actions such as offering to undertake repairs or redecoration (which would otherwise be a customer's responsibility) and gestures of goodwill (e.g. vouchers, chocolates, flowers). We are flexible in approach to considering different remedy solutions and will consider what is best for the customer given the circumstances and reach a mutual agreement.

Situations Where Compensation Will Not Be Considered

This procedure does not include or cover:

- Claims for personal injury;
- Claims for damage caused by circumstances beyond a landlord's control (e.g. through storm or flooding);
- Problems caused by a third-party not working for the landlord;
- Where the damage caused is covered under the customers' contents insurance.

Where damage has been caused directly as a result of the actions or omissions of a landlord or contractor working on its behalf, consideration will be given to reimbursement without the need for the customer to make a claim at further inconvenience and cost to themselves, and in particular, where the facts are not in dispute.

Offer Of Payment

In order to make a payment for compensation we will require the customers bank details. We will then submit a request to Finance for a BACS payment or cheque. We will endeavour to for this will be paid into a customer's bank within 10 calendar days of the compensation being accepted. Prior to any offer of payments being made, Standing Orders must be reviewed to ensure that the right level of authority is given.

Housing Ombudsman

At any point throughout the Complaints or Compensation Procedure customers can contact the Housing Ombudsman for advice. In order to escalate a complaint to them, our complaints procedure must be complete. This may be done regardless of whether compensation has been accepted by a customer.

Appendix 1

Qualifying repairs under the right to repair scheme

Repair type	Response time (working days)
Total loss of electric power	1
Partial loss of electric power	3
Unsafe power or lighting socket or electrical fitting	1
Total loss of water supply	1
Partial loss of water supply	3
Total or partial loss of gas supply	1
Blocked flue to open fire or boiler	1
Heating or hot water not working between 31 October and 1 May	1
Heating or hot water not working between 1 May and 31 October	3
Blocked/leaking foul drain, soil stack or toilet	1
Toilet not flushing (if there is only one toilet in the property)	1
Blocked sink, bath or basin	3
Tap cannot be turned	3
Leak from a water pipe, tank or cistern	1
Leaking roof	7
Insecure external window, door or lock	1
Loose or detached banister or hand rail	3
Rotten timber flooring or stair tread	3
Door entry phone not working	7
Mechanical extractor fan not working	7

Appendix 2

The following is a list of improvements which may qualify for compensation, with their anticipated life span.

Improvement	Life span (number of years)
Bath or shower	12 years
Wash-hand basin	12 years
Toilet	12 years
Kitchen sink	10 years
Storage cupboards in bathroom or kitchen	10 years
Work surfaces for food preparation	10 years
Space or water heating	12 years
Thermostatic radiator valves	7 years
Insulation of pipes, water tank or cylinder	10 years
Loft insulation	20 years
Cavity wall insulation	20 years
Draught proofing of external doors or windows	8 years
Double glazing or other external window replacement or secondary glazing	20 years
Rewiring or the provision of power and lighting (including smoke detectors)	15 years
Any object which improves the security of the property, but excluding burglar alarms	10 years