



COMPENSATION POLICY

1. Purpose

- 1.1 This policy sets out our approach to providing compensation to residents (tenants, and where appropriate leaseholders or other customers of Red Kite Community Housing), in different circumstances, in a fair, consistent and proportionate way.
- 1.2 This policy does not cover any issues raised with us through the courts or legal representation, nor does it apply when a claim through insurance has been made.

2. Definitions

- 2.1 In this policy, compensation is defined as suitable recompense, including money or a gesture which may be provided by us when something goes wrong for a customer, or when a customer is inconvenienced as a direct result of our action or inaction.
- 2.2 Compensation can take the form of either **statutory** or **goodwill**. These two forms of compensation are not mutually exclusive and may be used in combination as appropriate.
- 2.3 **Statutory** compensation is where there is a legal, or other external requirement to compensate.
- 2.4 **Goodwill** compensation is discretionary and may be given where we decide that a level of service, action or inaction is not in line with our service standards. This covers issues where we have financially disadvantaged a customer.

3. Responsibilities

- 3.1 It is the responsibility of every member of staff to ensure that any claim for compensation is dealt with quickly, effectively and in line with this policy.
- 3.2 Any person making a claim for compensation must provide honest and accurate information in relation to their claim, and must be willing to provide supporting evidence if required.
- 3.3 Where a compensation offer is made, we would expect the resident to indicate their acceptance with 28 days of the offer being made.
- 3.4 It is the responsibility of residents to have home contents insurance and to claim on this insurance when it is deemed appropriate to do so. This policy is not intended to replace or compensate for the lack of such insurance.
- 3.5 The Head of Relationships, or alternative Head of Service in their absence, has ultimate responsibility for authorising compensation requests in line with the policy and limits set. All requests will be scrutinised by the receiving manager and the Knowledge and Feedback Manager prior to any payment being authorised by the Head of Service to ensure they are appropriate.

4. Legal Framework

- 4.1 The main pieces of legislation are as follows:
 - The Land Compensation Act 1973 (as amended by the Planning and Compensation Act 1991)

- Right to Repair provisions contained within section 121 of the Leasehold Reform, Housing and Urban Development Act 1993
- Right to Compensation for Improvements contained within part 1 of the Landlord and Tenant Act 1972
- The Housing Act 1985 and 1988 as amended
- The Home Loss Payment (Prescribed Amounts) (England) Regulations

5. Key Principles

- 5.1 Claims for compensation will be dealt with efficiently and sympathetically.
- 5.2 We will ensure this policy is in line with available good practice, regulatory and legislative requirements and we will comply with any statutory obligation to pay compensation.
- 5.3 This policy will be reviewed at least every 3 years unless otherwise required, i.e. due to regulatory or legislative change, or as an outcome of learning which has a material effect on this policy.

6 Policy Statement

- 6.1 We are committed to providing high quality housing and excellent services for all of our residents and local communities. We take pride in our work and we operate in a fair and open manner to build trust and mutual respect. However, sometimes things may go wrong and customers may suffer inconvenience or loss as a result. When we fail to meet the standards, we have set out or that we are legally obligated to meet, compensation may be offered.
- 6.2 Each claim for compensation will be considered on an individual basis, taking into account all relevant known circumstances and supporting evidence or documentation supplied. Where evidence is requested and is not supplied, claims may not be considered.
- 6.3 If a proposed compensation is outside of the scope of the policy the matter should be escalated to director level for consideration.
- 6.4 We will not normally consider a compensation claim if it relates to an incident that the claimant knew about for more than 6 months before contacting us.
- 6.5 Goodwill awards made for service failure will not normally exceed £25
- 6.6 Compensation will be offset against arrears, service charges or other debts owed to us unless reimbursement is being made for loss and damage or costs reasonably incurred, where it will take the form of a financial payment to allow for the financial disadvantage of the individual to be corrected.
- 6.7 We will not pay compensation for:
- service failure and right to repair where reasonable access has not been given to carry out our services; residents are expected to provide up to date contact details to enable us to arrange access to carry out work, and to keep appointments made

- loss that is due to negligence by the resident, that is deemed to be the fault of a third party, or is beyond our control
- claims relating to financial loss, damage to third party property or personal injury, as a result of our negligence, which will be dealt with in accordance with the insurance procedures
- cases where there is tribunal or legal proceedings underway
- We do not compensate for loss of earnings but may consider for example that if a resident had to take time off work, that this was an inconvenience and we may consider a goodwill gesture to recognise this inconvenience.
- Loss of rooms during the agreed period of time during which a room/facility is unusable due to works (planned or responsive repairs) or for the period of time the customer occupies alternative accommodation in accordance with the Red Kite's decant policy
- If any loss of facilities is due to a problem beyond the Red Kite's control, i.e. local or national power power-cut or works being undertaken by utility companies etc.

6.8 Our Compensation Procedure defines the formulas and thresholds used to make compensation payments.

6.9 Statutory compensation may take several different forms, including:

6.9.1 **Home Improvements** – for qualifying improvements please see Appendix 1

- **Assured (non-shorthold) 'protected/preserved' rights (PASS)** tenants have a statutory right to compensation for improvements they have carried out to their homes at the end of their tenancy.
- **Some Assured (non-shorthold) (NASS)** may have contractual compensation for improvements they have carried out to their homes at the end of their tenancy, but ONLY applies if referenced in their tenancy agreement.
- Home Improvement Compensation does not apply to fixed term tenants
- Compensation shall not apply to a **PASS** or **NASS** (where applicable) tenant whose tenancy has come to an end because:
 - i. of a possession order made against resident on any grounds in Part 1 of Schedule 2 of the Housing Act 1988
 - ii. The right to buy or the right to acquire on rent to mortgage terms in part V of the Housing Act 1985
 - iii. The home has been disposed of to the tenant or one of the joint tenants under section 17 paragraph 38 of Housing Act 1988 or section 132(2) and Schedule 17 paragraph 39
 - iv. The new tenancy of the same has been granted to tenant (or joint tenant)

- Prior permission from Red Kite must have been obtained for a 'qualifying' improvement (*please see list of qualifying improvements in appendix 1*).
- Residents can claim for the cost of materials and labour costs but not for appliances or their own labour. The amount payable can be up to £3,000 though claims under £50 will not be considered in line with the Policy.
- Payments will be adjusted for undue wear and tear or if any defects to the improvement exist at the end of the tenancy. Compensation is worked out based on the notional life of the improvement, divided by the cost of the improvement, minus the number of years left. The compensation calculation must be in line with the legislation *s.97 and s.99A Housing Act 1985; Secure Tenants of Local Authorities (Compensation for Improvements) Regulations 1994 SI 1994/613*.

For example - Improvement costs £500 with notional life of 10 years and the resident is moving out after 2 years. $\frac{£500}{10 \text{ years}} = £50 \text{ per year}$; 2 years = £100. $£500 \text{ cost} - £100 = £400 \text{ compensation}$.

- Residents must be able to provide the original receipts or proof of financial transactions/expenditure costs to be eligible for the compensation. The improvement must still be in good condition, add value to the home and in full working order.
- Any claims for compensation for improvements must be made in writing between 28 days before the actual end of the tenancy or up to 14 days after the tenancy has ended, to allow adequate time for technical inspection to take place.
- Claims can take up to 2-3 months depending on how quickly the evidence is provided by the claimant.

6.9.2 **Right to Repair** – We operate the *Right to Repair* Scheme which gives tenants the legal right to have certain, urgent, repairs completed within prescribed timescales. When these timeframes are not adhered to, a tenant may pursue a disrepair claim against us which could lead to compensation being paid if proven. The compensation is fixed by the legislation at an initial sum of £10, plus £2 for every day thereafter that the repair is not completed, up to a limit of £50. A full list of qualifying repairs is set out in within our Compensation Procedure.

6.9.3 **Home Loss** – May be paid when an assured tenant or leaseholder has to move permanently from their home to make way for demolition and/or development. This a flat rate payment, as set by Government, and will only be paid where the resident has been residing in the home for a minimum of 12 months. Payment will be divided equally between named tenants where applicable. The terms for making a home loss payment is set out in our Decant Policy.

6.9.4 **Disturbance** – May be paid to compensate residents to cover reasonable costs involved in moving to another property temporarily or permanently due to major repairs or demolition. This is paid in addition to a home loss payment for a permanent move and will also include the reasonable loss caused by the disturbance to any authorised business or trade on the premises. Such payments will be assessed on an individual basis in line with our Decant Policy.

- 6.10 Goodwill compensation is discretionary and will be assessed on a case by case basis using the guidelines set out in the Compensation Procedure. Payments may not exceed the thresholds set out in the Compensation Procedure without the authorisation of a member of the Senior Management Team.
- 6.11 Goodwill compensation may also take several forms, including:
- 6.11.1 **Service Failure** – Residents are encouraged to use our Feedback Policy to report incidents where they are unhappy with the service that they have received. In such cases offering a small amount of compensation may be appropriate to recognise any inconvenience caused.
- 6.11.2 **Loss of Amenities or Rooms** – If we are unable to complete a responsive repair within the set response times, in accordance with the schedule of rates in operation at the time, the resident may have to cope without the use of amenities and/or rooms. In such cases, compensation may be awarded, and the calculation will take into account the type of room and inconvenience incurred up to a maximum of 50% of the gross rent regardless of how many rooms or facilities are unusable. This will apply if there has been loss of room/amenities 72 hours or more due to inaction of Red Kite.
- 6.11.3 **Service Charge Service Failure** – This applies to residents who pay for services in addition to their rent. Where a service paid through a Service Charge has not been provided, or fails to adhere to the Red Kite’s standards, an adjustment for the period of time the service was not delivered will be made and accounted for in the next Service Charge year.
- 6.11.4 **Loss and Damage** – Where a claim is made for personal possessions that have been damaged as a result of action or inaction by Red Kite, this will be forwarded to our insurers for consideration under the Red Kite’s liability insurance and will not be dealt with or settled under this compensation policy. If the damage was caused by one of our Service Partners, this will be passed to their insurers for consideration.
- 6.11.5 **Goodwill Gestures** – We reserve the right to choose, sometimes even without acceptance of fault, to offer a gesture of goodwill. This can take the form of a physical, token or financial gesture. Such gestures of goodwill will be considered on a case by case basis but should not normally constitute more than a value of £25.
- 6.11.6 **Costs Reasonably Incurred** - Some additional costs incurred by a resident in making a complaint may be reimbursed to them in full or in part. Examples include excessive electricity used by workmen, excessive telephone calls, and independent reports.
- 6.12 **Accessibility and Confidentiality**
- 6.12.1 Claims for compensation can be made to anyone in the organisation through any supported channel. The Compensation Procedure should be used to guide staff through the process of capturing compensation claims to ensure they are dealt with quickly and efficiently.
- 6.12.2 Claims for compensation may be passed to us on behalf of a resident by another person acting on their authority, although personal data will not be disclosed to any third party without prior written agreement. We may choose to make contact with the customer to confirm authenticity of the claim.

- 6.12.3 In cases where English is not a resident's first or preferred language, we will make every effort to offer limited translation services to make the experience easier. However, residents may need to pay for their own interpreter or interpretation technology if the solution offered is not adequate or they do not have a friend or family member to assist them.
- 6.12.4 Where a resident has a communication difficulty such as visual impairment, hard of hearing or poor literacy skills, we will work with that customer to find the best way of communicating with them.
- 6.12.5 We will keep all information about compensation claims confidential. We will not pass any information about an individual's claim to another person or organisation without first seeking consent, unless the claim relates to the action/inaction of one of our contractors, and there is a contractual obligation to compensate the resident directly.

6.13 Reporting

- 6.13.1 Where appropriate, compensation payment data will form part of our complaints benchmarking submission in order to compare our performance against others.
- 6.13.2 Reviews of compensation paid will be conducted at least annually to ensure that this policy is being adhered to, and that we are actively working to learn from cases where compensation has been paid to reduce such situations occurring again.
- 6.13.3 We will include trends and lessons to be learnt from compensation paid, where they exist, within our monthly feedback reporting.

7 References

- 7.1 The Homes and Communities Agency's Regulatory Framework sets out the expectations and obligations of housing associations. The standards relate to associations being viable, properly governed and properly managed.
- 7.2 The Housing Ombudsman can enforce penalties for poor administration of our procedures or financial disadvantage/or loss suffered by the claimant and therefore we must ensure we apply this policy consistently and effectively.

8 Related Policies & Procedures

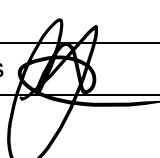
- Feedback Policy
- Red Kite Compensation Procedure
- Repairs Policy
- Service Charge Procedure
- Decant Policy and Procedure
- Red Kite Tenancy Policy

APPENDIX 1 – Table of Qualifying Improvement

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

Staff roles listed in the **Competency Standards section** must be acquainted with contents of this document and have had documented instructions and training on its use. Authority to amend can only be undertaken by the **Process owner** with the relevant **Delegated approvals**.

For information on interpretations and instructions staff should contact the **Subject Matter expert** or **Process owner** and under no circumstances should any deviation be permitted without prior approval as above.

Document Controls			
Version:	2	Effective date:	December 2020
Subject Matter expert drafter:	Knowledge & Feedback Manager	Process owner:	Head of Relationships
Related Pod	Potential Pod Relationships Pod	Related Policy	Feedback Policy Repairs Policy Decant Policy
Review period	2 years	Next review due by:	December 2022
Delegated approvals			
The 3 lines of defence have been checked within the framework and are valid			<input checked="" type="checkbox"/>
Approved by AD	N/A	Approved Date:	N/A
Approved by EMT	Alan Keers 	Approved Date:	19 th March 2021
Approved by Board/ Committee/RRT	N/A	Approved Date:	N/A