



COMPENSATION POLICY

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1. Aims and Objectives

- 1.1 Arun District Council (“ADC”) is committed to providing an excellent service to its customers at all times, however, we recognise that there will be occasions when our services may not meet these high standards and customers are inconvenienced as a result.
- 1.2 Where a complaint is justified, an acknowledgement and apology will normally be sufficient. However, we recognise that where a complainant has suffered some disadvantage, inconvenience or loss as a result, other remedial action may need to be considered. This includes financial compensation.
- 1.3 This policy applies to tenants and leaseholders of ADC. It covers both mandatory compensation and discretionary compensation. Discretionary compensation relates to loss, damage or inconvenience due to a failure in service.
- 1.4 The aims of the Compensation Policy are:
- To make it clear the circumstances in which compensation will be paid
 - To ensure fairness and consistency when calculating compensation
 - To provide guidance on how and when compensation can be claimed
- 1.5 While each case will be considered individually based on the circumstances, this policy aims to promote a consistent approach that is reasonable, fair and treats all customers equally.

2. Scope

- 2.1 This policy outlines the circumstances when we might pay compensation to a tenant or leaseholder.
- 2.2 This policy does not apply to people who may be occupying any of our properties by way of licence, or to other members of the public to whom we do not have a housing related contractual relationship.
- 2.3 This policy should be read in conjunction with [ADC’s Customer Services Strategy](#) and [ADC’s Complaints processes and procedures](#).

3. Legal Framework

- The Commonhold and Leasehold Reform Act 2002
- The Secure Tenants of Local Housing Authorities (Right to Repair) Regulations – Statutory Instrument 1994 No. 133

- The Housing Act 1985 and the Secure Tenants of Local Authorities (Compensation for Improvements) Regulations 1994 – Statutory Instrument 1994 No. 613
- The Leasehold Reform, Housing and Urban Development Act 1993
- The Land Compensation Act 1973 as amended by the Planning Act 1991

4. Circumstances in which Compensation will be Issued

4.1 There are two types of compensation covered by this policy: compensation that ADC is obliged to pay (mandatory compensation required by law), and discretionary compensation which we can choose to pay where circumstances warrant.

4.2 **Mandatory Compensation** - ADC is obliged to award mandatory compensation under:

4.2.1 Right to Repair

The Right to Repair scheme sets out certain repairs that require completion within a certain timescale. Such repairs include small repairs which can be done quickly and easily and urgent repairs where there is a possible risk to health, safety and/or security. These repairs are known as ‘Qualifying Repairs’ and are set out in Appendix 1 to this Housing Compensation Policy.

If ADC and/or its contractor fails to carry out a ‘qualifying repair’ that has been reported on 2 separate occasions within the published repair timescale, and the customer has allowed reasonable access to the property, ADC will make a compensation payment of £10. A further payment of £2 will thereafter be paid for every day that the repair remains outstanding, up to a maximum of £50.

Compensation will not be payable if the delay is due to the availability of a non-standard part and the resident has been informed.

4.2.2 Improvements

Customers may be entitled to claim compensation for improvements that they have carried out to the property. Any such entitlement is an entitlement to compensation (in certain circumstances), not an entitlement to improve.

Any payment of compensation for improvements is made at the end of the tenancy, providing the tenant obtained prior permission from ADC to carry out the works and the improvement is considered a ‘Qualifying Improvement’. Qualifying improvements are set out in Appendix 2 to this Housing Compensation Policy.

The amount of any compensation award is calculated using the equation provided in the Secure Tenants of Local Authorities (Compensation for Improvements)

Regulations 1994 and takes into account how the cost of the improvement and the expected lifetime the improvement has remaining. The equation is set out below:

$$C \times \left(1 - \frac{Y}{N}\right)$$

C = Cost of improvement (excluding the amount of any grant or minor works assistance under Part VIII of the Local Government and Housing Act 1989(6) or the Home Energy Efficiency Grants Regulations 1992(7) paid in respect of the improvement)

N = Notional life of improvement

Y = Number of years since completion with part of a year being rounded up to a complete year, starting on the date the improvement was completed and ending on the date the compensation is claimed

Compensation will not be paid to tenants who have exercised their Right to Buy or where the tenancy ends as a result of a Court Order for possession.

Compensation will only be paid if the customer produces ADC's written permission for the works, receipts in respect of the works and proof of cost of the works. Compensation of under £50 will not be paid.

4.2.3 Home Loss and Disturbance

Where a customer is required by ADC to move to another property, compensation will be paid by way of a Home Loss and/or Disturbance payments. Such payments are made in recognition of the personal distress and inconvenience experienced by customers who need to leave their home through no fault of their own. Further details about these types of compensation can be found in ADC's Decant Policy.

4.2.4 Right to Buy

Customers who have made an application to buy their home are entitled to claim compensation if the sale has not completed within the statutory timescales, as a result of ADC's inaction. By way of compensation, ADC will deduct a sum from the final purchase price, calculated by multiplying the weekly rent by the number of weeks that the sale has been delayed.

To make a claim for such compensation, the customer is required to (1) provide an "Initial Notice of Delay" form to ADC, providing one month in which to resolve the delay

and (2) provide a further “Operative Notice of Delay” form, if the delay is not resolved within that month.

4.3 **Discretionary Compensation** – ADC may pay discretionary compensation in the following circumstances:

4.3.1 **Loss of Room or Facility**

Compensation in the form of a rent rebate may be paid when a customer is not able to use a room(s) in their home because of a repair issue that is our responsibility, and which caused prolonged and unreasonable disruption. We may not pay compensation for a fault or loss that is caused by the customer’s misuse, negligence or damage.

4.3.2 **Failure of Amenity or Service**

Compensation in the form of a service charge refund may be paid when a service that is charged for via service charge, and is the responsibility of ADC, has failed and the deadline for completing the repair has passed. Compensation may not be payable if the loss is due to planned works agreed in advance with the customer or the loss of facility is caused by a utility supplier or the customer’s misuse, negligence or damage.

4.3.3 **Damage to Decoration or Fixtures**

While carrying out repairs improvements or other works there may be unavoidable damage to a customer’s decorations or fixtures. ADC will endeavour to identify possible damage before starting any works and will discuss with the customer options available to minimise the damage. Where decorations or fixtures are damaged as a result of works carried out by ADC or its agents, the resident may be offered the choice to allow ADC or its agents to rectify the damage or be paid an allowance to carry the work out themselves. ADC will consider the value of the fixtures at the time of the loss and/or damage rather than the full replacement value.

4.3.4 **Failure to follow Housing Landlord Service Procedure, Policy or Guideline**

In these circumstances’ compensation may be paid as a gesture of good will and will be paid without prejudice. Compensation will only be considered where the customer has experienced actual and proven financial loss and/or severe avoidable inconvenience, distress, detriment or other unfair impact of service failure. ADC will not pay compensation for loss of earnings due to service failure. However, may offer a goodwill payment in recognition of the time and trouble the customer may have taken to get the issue resolved.

4.3.5 Missed Appointments

ADC may offer compensation to a customer if a pre-arranged appointment that has been confirmed in writing is broken by ADC or its agents. ADC may offer compensation except in exceptional circumstances which are beyond the control of ADC or its agents. ADC will further not offer compensation if the customer was advised that the appointment would not be kept in advance of the appointment

5. Circumstances in which Compensation will Not be Issued

5.1 This policy does not cover the following claims:

- Claims that are covered by ADC's liability insurance
- Claims that would normally be dealt with by ADC's insurers
- Claims that should be covered by a home contents insurance policy, this includes damage to a customer's belongings such a floor coverings caused by flood or fire
- Claims for personal injury
- Claims for loss of earnings
- Claims where a legal claim has been issued

5.2 ADC will not consider making an offer of compensation where:

- The loss damage or service failure was caused or significantly contributed to by the customer, a member of their household or visitor. This includes a failure to report a repair promptly or to keep an appointment
- The cause of the loss damage or service failure was reasonably unforeseeable and/or caused by a third party and/or ADC had no control over the cause. This includes a water leak from a neighbouring property not owned by ADC
- The cause of loss damage or service failure was the result of extreme or unforeseen conditions. This includes adverse weather
- The cause of loss of amenity such as the supply of gas, electricity or water is outside of ADC's control

5.3 Compensation under this policy is not intended as a substitute for homes contents insurance. Customers should ensure they have sufficient home contents insurance to cover damage to their property that occurs through no fault of ADC.

5.4 Compensation is not automatic and will not apply where a service failure or mistake has not caused any inconvenience or loss and has been easily and quickly remedied.

6. Investigating Claims and Calculating Compensation

- 6.1 ADC will investigate all claims thoroughly. Officers investigating claims should consult all relevant service area policies, procedures or guidance in determining whether or not ADC is responsible for the service failure.
- 6.2 Where it is determined that discretionary compensation is appropriate, the amount of compensation should be fair, reasonable, justifiable and proportionate in the circumstances of the case. Officers are expected to use their reasonable discretion when considering individual cases.
- 6.3 Prior to a payment of compensation being offered to the customer the appropriate authorisation must be obtained, as follows:
- A Repairs Support Team Leader may authorise discretionary compensation up to a maximum of £100 where it considers that a customer has suffered inconvenience or financial loss due to ADC or its agents
 - The Repair and Maintenance Manager may authorise discretionary compensation up to a maximum of £300 where it is clear that a customer has suffered serious inconvenience or financial loss due to ADC or its agents.
 - Higher compensation payments must be authorised by the Group Head of Residential Services.
- 6.4 Each case will be considered on an individual basis and take into account all relevant known circumstances and supporting evidence. Reports of loss or inconvenience will be investigated and where appropriate compensation will be offered. In determining an appropriate discretionary compensation payment, all relevant circumstances of the matter will be taken into account, including:
- Duration of the issue
 - Circumstances of the customer and their household, including any vulnerabilities or specific needs
 - Quantifiable financial loss that would otherwise have not been incurred
 - Unquantifiable financial loss that would otherwise have not been incurred
 - Distress and inconvenience to the customer as a result of the service failure and in seeking to resolve the issue
 - Time and trouble of the customer
 - Actions of the customer, household or visitor, whether the mitigated or contributed to any loss damage distress or inconvenience
 - The levels of compensation awarded for similar cases by the Housing Ombudsman

6.5 Assessment Guidance

6.5.1 Delay and Distress

Level of ADC's Responsibility	Impact on Customer			
	No Impact	Low Impact	Medium Impact	High Impact
None	£0	£0	£0	£0
Partial	£0	£50	£175	£250
Full	£25	£75	£250	£500

Compensation payments for delay and distress will be made based on the level of ADC's responsibility for the loss or inconvenience and the degree of impact on the customer. This matrix sets out the maximum payment that can be made.

Low Impact

Where the complaint is upheld but no significant inconvenience or distress was caused, and the impact has been no more than a reasonable person could be expected to accept. Any compensation is offered as a token in acknowledge of ADC's responsibility.

Medium Impact

Where inconvenience and/or distress has clearly been caused. A repeated failure of a low impact event could result in the impact being increased to medium impact.

High impact

Where there is a serious failure in service. This could either be due to the severity of the event and/or a persistent failure over a prolonged period of time, or where an unacceptable number of attempts to resolve the complaint have failed.

6.5.2 Missed Appointments

If ADC or its agent fail to attend an appointment, a payment of £20 will be payable. If a new appointment is made and missed, a further payment of £25 will be payable. Any further missed appointments for the same job will be payable at £50 per missed appointment. This is subject to Paragraph 4.3.5 above.

6.5.3 Gesture of Goodwill

ADC may decide, 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.

- 6.6 The relevant officer will decide on a case by case basis the most appropriate way to pay the compensation. ADC will provide an explanation of how the discretionary compensation has been calculated so that the customer is clear as to the basis for the payment.

7. Payments

- 7.1 Confirmation of an offer of compensation will be confirmed to the customer in writing. A customer is required to confirm in writing their acceptance of the offer prior to any payment being issued.
- 7.2 ADC considers acceptance of discretionary compensation to be a full and final settlement of a case. Cases will not be reopened, nor further compensation considered via the same or alternative process unless the circumstances of the original case have significantly changed or escalated.
- 7.3 Any payment or other form of discretionary compensation under this policy is not an admission of liability by ADC.
- 7.4 Where the customer owes money to ADC in connection to housing services, such as rent or service charges, any compensation will be credited directly to the relevant account by way of offset against the balance owing. The exception to this is if the compensation offered is intended to be used for a specific purpose, for example, to replace a damaged item. In such circumstances, the payment of compensation will be made to the customer.

8. Appeal and Review

- 8.1 A customer can appeal the refusal of any claim for compensation or the level of compensation awarded under this Policy.
- 8.2 Where a customer seeks to make an appeal, they should do so by making a formal complaint through the ADC's Complaint Policy.

9. Other remedies

- 9.1 It may be appropriate that other action is taken to remedy a complaint either separately from or in conjunction with an offer of financial compensation. These may include practical action – such as remedial decorations which might otherwise be the customer’s responsibility, or non-financial gestures of goodwill.

10. Compensation Payments Ordered by the Ombudsman

- 10.1 When a complainant escalates a complaint to the Housing Ombudsman Service, having exhausted ADC’s formal complaints process, ADC will pay compensation and/or carry out works or follow action to comply with the Housing Ombudsman’s recommendation.

11. Performance Monitoring

- 11.1 ADC will review its services with the aim of achieving continuous improvement and to ensure compliance with best practice.
- 11.2 ADC will monitor its performance in acting and learning from complaints – ADC notes that compensation payments are relevant to this.
- 11.3 To help achieve ADC’s aims of ensuring continuous improvement in the services it provides and to ensure that all statutory obligations are met, systems and processes will be implemented to monitor and evaluate performance.

12. Review of Compensation Policy

- 12.1 This policy will be reviewed by ADC every five years unless there is a change in legislation or regulation.
- 12.2 Statutory amounts that are subject to annual uplift will be automatically added without the need for the entire policy to be reviewed.
- 12.3 Where there has been a change in legislation which has an impact on the policy, the policy will be reviewed within a reasonable time of the legislation or regulation coming into effect.

13. Equality and Diversity

- 13.1 ADC will ensure that this policy is applied fairly and consistently to our customers.
- 13.2 This policy will be implemented in accordance with ADC’s Equality and Diversity Policy.

13.3 This policy and any other related publications of ADC are available in other formats upon the request of a customer

Appendix 1 – Right to Repair

Qualifying Repairs

A repair won't qualify for the Right to Repair scheme if:

- It exceeds an estimated cost of £250, or
- ADC is not responsible for the repair

Repair	Timescale
Total loss of electrical power	1 day
Partial loss of electrical power	3 days
Unsafe power or lighting socket, or electrical fitting	1 day
Total loss of water supply	1 day
Partial loss of water supply	3 days
Total or partial Loss of gas supply	1 day
Blocked flue to open fire or boiler	1 day
Total or partial loss of space or water heating between 31st October and 1st May	1 day
Total or partial loss of space or water heating between 30th April and 1st November	3 days
Blocked or leaking foul drain, soil stack, or (where no other working toilet in the property) toilet	1 day
Toilet not flushing (where there is no other working toilet in the property)	1 day
Blocked sink, bath or basin	3 days
Tap which cannot be turned	3 days
Leak from water or heating pipe, tank or cistern	1 day
Leaking Roof	7 days
Insecure external door or window	1 day
Loose or detached banister or handrail	3 days
Rotten timber flooring or stair tread	3 days
Door entry system not working	7 days
Mechanical Extractor fan in internal kitchen or bathroom not working	7 days

Appendix 2 – Compensation for Improvements

Qualifying Improvements

The following table includes the improvements that customers can make to their homes at their own cost for which compensation may be considered at the end of the tenancy. The list also states their average associated notional life.

Qualifying Improvements	Notional Life
Bath, shower, wash hand basin or toilet	12 years
Kitchen sink, or work surfaces for food preparation	10 years
Storage cupboard in bathroom or kitchen	10 years
Thermostatic radiator valves	7 years
Insulation of pipes, water tank or cylinder	10 years
Loft or cavity wall insulation	20 years
Draught proofing of external doors or windows	8 years
Any other object which improves the security of the property (excluding burglar alarms)	10 years
Space or water heating	12 years
Double glazing or other external window replacements of secondary glazing	20 years
Rewiring or the provision of power and lighting or other electrical fittings (including smoke detectors)	15 years