

Previous Review: Not applicable

Date: January 2011

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RIGHT TO COMPENSATION FOR IMPROVEMENTS POLICY

1.0 Key Objective

To clearly define our statutory duty and our commitment to the right of all Council tenants to carry out certain specified improvement works and receive appropriate compensation when their tenancy ends.

2.0 Strategic Links and Context

Legal Framework

Housing Act 1985 as amended

Leasehold Reform, Housing and Urban Development Act 1993

Secure Tenants of Local Authorities (Compensation for Improvements) Regulations 1994

Guiding Principles

Community Strategy for South Lakeland

DCLG Leaflet: 'A better deal for tenants: Your Right to Compensation for Improvements'

Tenancy Agreement

Complaints Policy

3.0 Entitlement

Secure tenants of a local authority are entitled to be paid compensation by their landlord at the time their tenancy comes to an end for certain improvements they or their predecessor carried out to their home.

For there to be an entitlement to compensation, all the following eligibility criteria must be satisfied:

- The tenancy must be secure
- The tenant must be a qualifying person (within the meaning of section 99B of the Housing Act 1985 which includes sole tenants or joint tenants who have carried out improvements as well as certain cases of succession and certain assignments)
- the improvement must be a qualifying improvement (see paragraph 4.0)
- The improvement work must have started on or after 1 April 1994
- Written consent must have been given by the Council or South Lakes Housing before the improvement work was carried out. If consent was not given before the improvement works were carried out, South Lakes Housing may decide to give retrospective consent.

Compensation will not be paid if any of the following factors apply:

- The compensation payable works out as less than £50
- The tenancy has ended as the result of a possession order or an eviction
- The tenancy has ended due to the occupant(s) exercising the Right to Buy
- The dwelling house has been disposed of to the tenant or one of the joint tenants (disposal of land held for housing purposes)
- A new tenancy of the same or substantially the same dwelling house has been granted to the qualifying person (or, in the case of a joint tenancy, to all joint tenants) whether or not with anyone else
- The notional life of the improvement has expired
- Compensation has been paid under S100 of the Housing Act 1985 in respect of the improvement

4.0 Qualifying Improvements

Table 1 below lists the items on which compensation is payable and the notional life of the improvement which is the life expectancy of the improvement in years.

Table 1: Qualifying improvements and notional lives (in years)

Improvement	Notional Life
Bath or shower	12
Wash-hand basin	12
Toilet	12
Kitchen sink	10
Storage cupboards in bathroom or kitchen	10
Work surfaces for food preparation	10
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 dwelling-house but excluding burglar alarms	10

Interior decoration, such as painting and wallpapering, does not qualify for compensation. Any improvement not listed in Table 1 will not be considered for compensation.

5.0 Calculation of Compensation

The amount of compensation payable is calculated according to the following formula which takes into account 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 being rounded up to a complete year) starting on the date the improvement was completed and ending on the date the compensation is claimed

N = the notional life of the improvement

e.g. If a tenant put in replacement windows eight years ago costing £2000, this would be worked out by dividing the number of complete years the windows have been in place (8 years) by the notional life set out in Table 1 (20 years). That gives us 0.4 and so we take that away from 1, leaving us with 0.6. We would then multiply the original cost (£2000) by the 0.6 to give the compensation payable of £1200.

$$2000 \times [1 - 8/20] = 1200$$

Deductions to the compensation payable will be made if:

- The cost of the improvement was excessive
- The improvement is of a higher quality than it would have been if done by us
- The improvement has deteriorated at a greater rate than is specified as the notional life in Table 1
- Any money is owed to the Council or South Lakes Housing by the tenant (e.g. rent arrears, service charge arrears, rechargeable repairs or court costs).

An increase to the compensation payable may be made if the improvement has deteriorated lesser than is specified as the notional life in Table 1.

Compensation can be claimed for the cost of materials (but not appliances such as cookers and fridges) and labour costs (but not the tenant's own labour). No compensation can be claimed for professional fees (such as architects) or the costs of any relevant planning permission or consent under Building Regulations.

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.

6.0 Process for Making Compensation Claim

For a tenant to make a claim, it must be made not more than 28 days before or 14 days after the date on which the tenancy ends. A claim can be made by completing an application form which will be available at any local area housing office or the claim can be requested in a letter addressed to the relevant Housing Officer and may be served by post.

For any claims made by letter, the claim must contain the following information:

- Name and the address of the Council property where the improvement was made
- The new address
- Daytime telephone number
- What improvement has been made
- How much the improvement cost with a copy of the invoice if available
- The date the improvement began and finished
- A copy of the letter from the Council or South Lakes Housing giving consent to the improvement (if consent for the improvement has not been given, this will need to be specified so that we can decide whether to treat it as having consent)

Once a claim is received, a visit will be made to the property by one of our Officers to inspect the improvement and to make a decision on the outcome of the claim.

The claimant will then be written to explaining the outcome of the claim not more than 21 days from the date the claim was received. This will include details of how the claim was calculated if it is decided that some compensation is payable. Any compensation due will be payable by cheque.

7.0 Disputes

Anyone who has made a claim for compensation for improvements can ask us to reconsider our decision in which case we shall follow the appeals procedure as set out in our Complaints Policy.

Tenants also have the right to take the issue to court if they do not agree with the final decision and may be advised on how to do this by a solicitor or the local Citizens Advice Bureau. Legal aid may be available.

If anyone makes a false claim for compensation (e.g. made a claim for an improvement not actually made or a claim for more than the actual amount), we can take that person to court.

8.0 Monitoring, Service Development and Review Priority

All claims for compensation and the time taken to process each claim will be recorded and monitored.

Changes to the service may take place as the result of the work of relevant Service Improvement Groups with tenant representation. The policy will be reviewed at least once every three years to ensure that it takes into consideration any changes to legislation at any given time.

9.0 Equality and Diversity

South Lakes Housing recognises that there is a broad range of visible and non-visible differences that characterise its tenants. Some of these qualities include race, religion, culture, nationality, ethnic background, colour, disability, sex, sexual orientation, age, literacy and income level. By understanding and respecting this diversity it is able to set a policy which ensures that all tenants are able to access services provided by South Lakes Housing in an equitable manner.

South Lakes Housing is committed to providing information and services equally and without discrimination so that they meet the needs of all sections of the community who are either housed by South Lakeland District Council, living near properties managed by South Lakes Housing or seeking access to or information on housing services in the South Lakeland area. In carrying out all housing management policies, South Lakes Housing's Equality and Diversity Policy will be adhered to.

