



HRA Compensation and Reimbursement Policy

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Lead Member/Relevant Portfolio Holder	Leader of the Council & Portfolio Holder for Housing, Leisure & Landlord Services

Corporate Priority:	Theme 2: High quality council homes and landlord services
Wards Affected:	All
Date of consultation with Ward Member(s):	
Exempt Information:	No
Key Decision:	Yes
Subject to call-in:	Yes

1 Summary

- 1.1 This report seeks approval to implement a specific housing (HRA) Compensation and Reimbursement Policy

2 Recommendations

That Cabinet:

- 2.1 Approve the HRA Compensation and Reimbursement Policy

3 Reason for Recommendations

- 3.1 As a landlord, Melton Borough Council receives and investigates complaints from council tenants. These complaints are handled in accordance with the Customer Feedback and Complaints Policy and the Housing Ombudsman's complaint handling code. These have a clear focus on handling complaints fairly, proactively and transparently and to ensure that appropriate remedies are considered where the council is at fault.
- 3.2 The proposed Compensation and Reimbursement Policy will support the Customer Feedback and Complaints Policy and provide a framework for allocating fair and consistent amounts of compensation and reimbursement to tenants.
- 3.3 The proposed policy for the HRA is aligned with the principles of the Corporate Compensation Policy.

4 Background

- 4.1 In the financial year 2023 – 24 Melton Borough Council issued compensation payments totalling £14,000 across 76 complaints. The purpose of this policy is to ensure that we have a fair and consistent method to provide compensation or reimbursement which, as far as practicable, restores a person to the position they would have been in had the service failure not occurred, whilst ensuring that payments are made in line with a set framework. Compensation is a specific consideration in the council's Customer Feedback and Complaints Policy.

All requests for compensation are robustly assessed and approved in line with the requirements of the Constitution. Levels of compensation awarded are reported as part of the quarterly performance monitoring report to Cabinet.

5 Main Considerations

- 5.1 There are other remedies available to put a situation right but, in some instances, financial compensation may be part of the solution or the only appropriate form of redress. This policy 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, while promoting consistency. It also ensures that responsibility will be taken for any detriment or damage caused to an individual or their property by a third party (contractor) working on behalf of MBC.
- 5.2 This policy supports the corporate complaints policy and will ensure that we have a fair and proportionate way of handling claims for compensation from our tenants.
- 5.3 The policy covers a variety of circumstances and explains the approach to calculating each one:
 - Mandatory compensation (where we are obliged to provide compensation).
 - Quantifiable loss (where it is clear exactly what has been lost financially).
 - Discretionary payments (where a payment is made based on the level of stress or inconvenience caused).
- 5.4 The policy has been written in line with guidance provided by the Housing Ombudsman on [compensation](#).

- 5.4.1 Should the Housing Ombudsman investigate a complaint and find fault, they may consider whether the council has addressed and applied an appropriate remedy as part of their assessment of the council’s handling of the case, which may include the award of compensation (reasonable redress).
- 5.4.2 The Housing Ombudsman also has the ability to require the payment of compensation as a remedy for cases that they investigate. This policy seeks to provide clarity on how the council will consider and apply compensation or reimbursement and seeks to align with the approach of the Housing Ombudsman.

6 Options Considered

- 6.1 The Council could choose not to implement this policy. However, this would hinder the Council’s ability to work to a clear, transparent and consistent framework for the assessment and award of compensation. It is also a requirement of the Housing Ombudsman that a landlord considers compensation as part of its complaint resolution process, where appropriate.

7 Consultation

- 7.1 Professional advice has been sought from the Council’s Legal Services Team to support the development of the policy.
- 7.2 The Council has consulted with tenant representatives via the “Your Choice” group, who were consulted on a draft version of the policy in March 2024. The following questions were asked, and feedback received, as shown in the table below:

<p>Q1. Do the group agree with and understand the definitions for the different types of compensation?</p> <p>A1. Generally, the group agreed that the definitions were clear and understandable</p>
<p>Q2. If the tenant is in arrears, should compensation be deducted from the amount owed?</p> <p>A2. If the tenant is in arrears but they had agreed to a payment plan, then the group suggested that they should receive compensation / reimbursement. If they had not, then the compensation / reimbursement should be paid in to the rent account to reduce their rent arrears.</p>
<p>Q3. Do the group agree with the proposed levels of compensation?</p> <p>A3. On the whole the group agreed with the levels that were proposed and felt comfortable with the way that discretionary compensation would be calculated.</p>

- 7.3 The feedback received from the consultation with tenants helped to shape the final draft of the policy.

8 Next Steps – Implementation and Communication

- 8.1 Following approval by Cabinet the policy will be updated to be the final version. This will then be published to the corporate website under the Housing Strategies section.

- 8.2 Details of the policy will be added to the corporate policy framework to ensure that reviews are undertaken at the correct time.
- 8.3 Staff who manage and investigate housing complaints will be briefed on the policy, which will need to be taken into consideration in the investigation and resolution of housing complaints.

9 Financial Implications

- 9.1 Where resolution of a complaint requires the payment of compensation or reimbursement, this is a cost to the Housing Revenue Account. Failure to handle complaints effectively or to learn from complaints would create a risk of needing to pay compensation.
- 9.2 Compensation and reimbursement is already provided to residents for a variety of reasons. There are separate budget lines in the Housing Revenue Account for this purpose which allows monitoring of expenditure. There are no proposals to amend these budgets at this stage, but this will be reviewed as part of the usual budget monitoring and setting process.
- 9.3 Where the fault lies with contractors we will work with them to seek payment of, or a contribution to, the compensation awarded. This is part of our usual process to work with contractors to understand the cause of the complaint, provide reasonable redress and agree service improvements that are required to minimise complaints or repeated issues.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 There is no legal requirement to have a compensation and reimbursement policy, however, it is recommended best practise by the Housing Ombudsman. Where a Council does have a compensation and reimbursement policy it should permit payments within the range of financial awards which the Ombudsman will make.
- 10.2 All compensation and reimbursement requests should currently be authorised as currently detailed in the Council Constitution (Chapter 2 – Part 4 – Officer scheme of delegation). That said since housing functions (including payment of compensation for service failures) is an executive function, the Cabinet may authorise payment of such sums of compensation as it sees fit. Accordingly, Cabinet could expressly delegate power to do so by amendment to paragraph 4.6.3 of the draft Scheme at Appendix A.
- 10.3 When renewing any contract relating to housing services which have the potential to lead to compensation payments being made, the Council will ensure that it contains a suitable mechanism to require the contractor to reimburse the Council for any compensation payments made as a result of the contractor's failure.

Legal Implications reviewed by: Monitoring Officer.

11 Equality and Safeguarding Implications

- 11.1 Under the equality duty (set out in the Equality Act 2010), public authorities must have 'due regard' to the need to eliminate unlawful discrimination and consider the potential impact decisions and actions on each of the protected characteristics. The recommendations in this report would apply equally to all tenants whether or not they have

a protected characteristic and therefore there is no potential impact on any protected group or groups.

12 Data Protection Implications (Mandatory)

A Data Protection Impact Assessments (DPIA) has not been completed for the following reasons; there are no risks directly related to the rights and freedoms of natural persons as no additional data will be collected or processed as part of this policy.

13 Community Safety Implications

13.1 None arising directly from this report.

14 Environmental and Climate Change Implications

14.1 None arising directly from this report.

15 Other Implications (where significant)

15.1 No additional impacts identified.

16 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	Non-compliance with Housing Ombudsman recommendations resulting in maladministration findings	High	Marginal	Medium
2	Challenge from tenants on fairness of compensation awarded	Significant	Marginal	Medium

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High		1		
	4 Significant		2		

3 Low				
2 Very Low				
1 Almost impossible				

Risk No	Mitigation
1	Approval of policy will provide a consistent framework for compensation payments that is in line with Housing Ombudsman recommendations
2	Approval of policy will provide a transparent method of awarding compensation which can be referenced in correspondence with tenants.

17 Background Papers

17.1 Customer Feedback and Complaints Policy: [Corporate Complaints Policy \(melton.gov.uk\)](http://melton.gov.uk)

18 Appendices

18.1 Draft HRA Compensation and Reimbursement Policy