



**Melton
Borough
Council**

Housing Compensation and Reimbursement Policy

DRAFT

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1. Introduction

- 1.1 Melton Borough Council (MBC) 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 of us, other remedial action may need to be considered including financial compensation.
- 1.3 This policy applies to tenants and leaseholders of MBC. It covers mandatory compensation (such as statutory home loss payments), quantifiable loss payments (where people can demonstrate actual loss) and discretionary payments (for time and trouble/distress and inconvenience).
- 1.4 The policy supports the council's [Customer Feedback and Complaints Policy 2024](#), in particular paragraph 12 "Complaints Remedies".

2. Policy purpose

- 2.1 The purpose of this policy is to provide redress to restore a person to the position they would have been in had the service failure not occurred. There are other remedies available to put a situation right but in some instances, financial compensation may be the only and appropriate form of redress.
- 2.2 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.
- 2.3 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.

3. Policy Aims

- 3.1 The aims of this 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

4. Policy Details

4.1 Circumstances in which Compensation will be considered

- 4.1.1 There are three types of compensation covered by this policy:

- compensation that MBC is obliged to pay (mandatory compensation required by law).
- quantifiable loss payments (where people can demonstrate actual loss).
- discretionary compensation which we can choose to pay where circumstances warrant for time and trouble/distress and inconvenience.

4.2 Mandatory Compensation

4.2.1 MBC is obliged to award mandatory compensation under:

4.2.2 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 MBC 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, MBC 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.

4.2.3 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 MBC 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 Housing, Grants and Construction Act 1996 or the Home Energy Efficiency Grants Regulations 1992 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 has MBC's written permission for the works, receipts in respect of the works and proof of cost of the works.

Compensation for work valued under £50 will not be paid.

4.2.4 Home Loss and Disturbance

Where a customer is required by MBC to move to another property, compensation will be paid by way of a Home Loss and/or Disturbance payments to a value prescribed in the relevant legislation, which is updated annually.

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 MBC's Decant Policy.

4.2.5 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 MBC's inaction. By way of compensation, MBC will deduct a sum from the final purchase price, calculated by multiplying the gross 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 MBC, 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.

4.2.6 Disturbance payments

These are made to compensate for any reasonable out of pocket expenses you incur where you have been asked to move out of your property through no fault of your own. These payments are variable but will not exceed £2,500. These payments may be in addition to the Home Loss payment.

The following expenses will generally be covered and where possible we will arrange and carry out works directly or through our approved contractors. If you wish to arrange your own works, we will only reimburse you on production of valid receipts or paid invoices:

- removal expenses (we can arrange removals for you). We can also arrange to provide a packing service, if you feel this is required
- disconnection and reconnection of domestic appliances such as cooker, washing machine, telephone, broadband, television aerial/satellite dish
- redirection of post for up to 3 months
- cost of altering existing or purchasing new carpets and curtains (and refitting of rails/blinds). We will not pay disturbance for carpets or curtains if there are new or good condition floor coverings and curtains in the new property or if the carpets and curtains in the old property can be adapted to fit the new property
- refitting security alarms or other security equipment
- reasonable adaptations required for a disabled customer, such as handrails

The disturbance payment will be paid directly to you (e.g., removals, carpet fitters) up to the value of £2,500. You will not be entitled to any funds remaining from the £2,500.

4.3 Quantifiable loss

4.3.1 MBC may pay compensation based on quantifiable loss where a complaint investigation finds that you are out of pocket as a direct result of MBC's actions or omissions. We will consider compensation to offset the losses, which could include (but is not limited to);

- increased heating bills due to disrepair
- having to pay for alternative accommodation or takeaway food
- paying for cleaning
- replacement of lost or damaged possessions based on the value of the item prior to loss or damage, not the cost to replace the item with new

We will not cover costs if you have:

- not notified us of the issue
- given us reasonable time to rectify the issue
- refused us access to the property
- refused our offer to rectify the issue

You will need to provide evidence of the costs you have incurred, such as a receipt, paid invoice, or bill, within 8 weeks of the request.

4.4 Discretionary Compensation

4.4.1 MBC may pay discretionary compensation in the following circumstances:

4.4.2 Loss of Room or Facility

Compensation in the form of a payment based on a reduction in the rent may be paid when a customer is not able to use a room(s) or facility in their home because of a repair issue that is our responsibility, and which caused prolonged and unreasonable disruption. The level of rebate will be proportionate to the level of disruption or inconvenience caused. For example, loss of the kitchen and bathroom will attract a higher rebate than the loss of a bedroom.

We will not pay compensation for a fault or loss that is caused by the customer's misuse, negligence or damage.

4.4.3 Failure of Amenity or Service

Compensation in the form of a service charge refund may be paid when a major service that is charged for via service charge, and is the responsibility of MBC, has failed and the deadline for completing the work has passed. This does not apply to lower level work such as cleaning or grass cutting unless the service is not provided for a significant length of time.

Compensation may not be payable if the loss is due to planned works or the loss of facility is caused by a utility supplier or the customer's misuse, negligence or damage.

4.4.4 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. MBC 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 MBC or its agents, the resident may be offered the choice to allow MBC or its agents to rectify the damage or be paid an allowance to carry the work out themselves. MBC will consider the value of the fixtures at the time of the loss and/or damage rather than the full replacement value.

Where full rooms need to be redecorated, the contribution toward the cost will be made using decorating vouchers for the following values:

Bathroom £40

Kitchen £62.50

Lounge £75

Dining Room £75

WC (where separate) £45

Halls (flats/bungalow) £50

Hall/Stairs/Landing £87.50

Large Bedroom £75

Middle Bedroom £62.50

Small Bedroom £40

4.4.5 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. MBC will not pay compensation for loss of earnings due to service failure. MBC may offer a goodwill payment in recognition of the time and trouble the customer may have taken to get the issue resolved.

4.4.6 Missed Appointments

MBC may offer compensation to a customer if a pre-arranged appointment that has been confirmed in writing is broken by MBC or its agents with less than 24 hours notice. MBC may offer compensation up to a maximum of £30 per missed appointment, except in exceptional circumstances which are beyond the control of MBC or its agents.

MBC will not offer compensation if the customer was advised that the appointment would not be kept. Reasonable notice must be provided, dependant on the circumstances of the cancellation.

4.4.7 Ombudsman Award

Following an investigation by the Housing Ombudsman into a complaint, an award of compensation may be made to the complainant. If the Council accepts the decision of the Ombudsman, the award will be paid to the complainant in full.

4.5 Circumstances in which compensation will not be Issued

4.5.1 This policy does not cover the following claims:

- Claims that are covered by MBC's liability insurance.
 - Claims that would normally be dealt with by MBC's insurers.
 - Claims that should be covered by a home contents insurance policy, this
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includes damage to a customer's belongings such as floor coverings caused by flood or fire.

- Claims for personal injury.
- Claims for loss of earnings.
- Claims where a legal claim has been issued.

4.5.2 MBC 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 MBC had no control over the cause. This includes incidents such as a water leak or fire from a neighbouring property not owned by MBC
- 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 MBC's control.

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

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

4.5.5 In determining any claim for compensation the Council will have regard to the conditions of tenancy applicable at the time in determining the reasonableness of any claim being made.

4.6 Investigating Claims and Calculating Compensation

4.6.1 MBC will investigate all claims thoroughly. Officers investigating claims should consult all relevant service area policies, procedures or guidance in determining whether or not MBC is responsible for the service failure.

4.6.2 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.

4.6.3 Prior to a payment of compensation being offered to the customer the appropriate authorisation must be obtained as detailed in the Council Constitution (Chapter 2 – Part 4 – Officer scheme of delegation)

4.6.4 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 they mitigated or contributed to any loss damage distress or inconvenience
- The levels of compensation awarded for similar cases by the Housing Ombudsman

4.6.5 Delay and Distress

Compensation payments for delay and distress will be made based upon an assessment of the level of MBC's responsibility for the loss or inconvenience and the degree of impact on the customer. This will be based on the guidance on remedies that is produced by the Housing Ombudsman.

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 acknowledgement of MBC'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.

4.6.7 Missed Appointments

If MBC or its agent fail to attend an appointment, a payment of £30 will be payable. If a new appointment is made and missed, a further payment of £30 will be payable. This is subject to Paragraph 4.3.5 above.

4.6.8 Gesture of Goodwill

MBC 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.

4.6.9 The relevant officer will decide on a case by case basis the most appropriate way to pay the compensation. MBC 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.

4.7 Payments

4.7.1 Confirmation of an offer of compensation will be sent to the customer in writing. A customer is not required to confirm in writing their acceptance of the offer prior to any payment being issued.

4.7.2 Where the customer owes money to MBC 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.

4.8 Appeal and Review

4.8.1 A customer can appeal the refusal of any claim for compensation or the level of compensation awarded under this Policy.

4.8.2 Where a customer seeks to make an appeal, they should do so by making a formal complaint through the MBC's Complaint Policy.

4.9 Other remedies

4.9.1 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.

4.10 Compensation Payments Ordered by the Ombudsman

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

4.11 Performance Monitoring

4.11.1 MBC will review its services with the aim of achieving continuous improvement and to ensure compliance with best practice.

4.11.2 MBC will monitor its performance in acting and learning from complaints – MBC notes that compensation payments are relevant to this, and these payments are monitored separately.

4.11.3 A record will be kept of all payments made to tenants under the terms of this policy, and performance will be reported as part of the corporate quarterly monitoring process, to both Elected Members and Tenants.

- **Associated Legislation, and National Standards**

- 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 (as amended)
- The Secure Tenants of Local Authorities (Compensation for Improvements) Regulations 1994 – Statutory Instrument 1994 No. 613
- The Housing Act 1985
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5 Monitoring, Evaluation and Review

5.5 The Assistant Director of Housing Management is responsible for monitoring the implementation of this policy.

5.6 This policy will be reviewed every three years, or in the following circumstances:

- Following information / suggestions that the policy is not effective.
- To reflect any service enhancements; and / or,
- Following the introduction of any relevant new legislation or guidance.

Appendix 1 – Right to repair qualifying repairs

Introduction

Local authorities must have a right to repair scheme in place for secure, flexible and introductory tenants to use.

Repairs available under the right to repair scheme

Only certain types of repairs are covered under the right to repair scheme. These are called qualifying repairs. They include insecure windows and doors, unsafe power sockets or electrical fittings, leaking roofs and broken entry phone systems. A full list of the qualifying repairs is set out below.

A repair won't qualify for the scheme if:

1. It exceeds an estimated cost of £250, or
2. The local authority has fewer than 100 properties, or
3. The local authority isn't responsible for the repair.

The repair may be inspected by us before we decide it's a qualifying repair. If it isn't a qualifying repair, we will write to you and tell you that the scheme doesn't apply.

What happens when you report a qualifying repair?

When you report a qualifying repair, we must issue a repair notice to a contractor and send you a copy with information on how the right to repair scheme works. There will be a time limit for the contractor to do the work by, which will depend on the repair needed.

What happens if the work isn't done in time?

If the repair work isn't done within the specified time limit, you need to tell us and ask for another contractor to do the work. If another contractor is available, we will issue a repair notice to them and send you a copy. We can only use contractors on our list of approved contractors.

What happens if you're not in when the contractor calls?

If you're not at home to let the contractor in as arranged, the scheme no longer applies.

Qualifying repairs under the right to repair scheme for local authority tenants

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 st October and 1 st May	1
Heating or hot water not working between 1 st May and 31 st 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
For full conditions please refer to the relevant legislation	

Appendix B – Qualifying improvements

Introduction

The Secure Tenants of Local Authorities (Compensation for Improvements) Regulations 1994 sets out the full details of the scheme.

Schedule of qualifying improvements and notional life

The notional life is the full length of time that the improvement is expected to last, the actual age of the improvement will be deducted from this when calculating the compensation.

Qualifying Improvement	Notional Life
1. Bath or shower	12
2. Wash-hand basin	12
3. Toilet	12
4. Kitchen sink	10
5. Storage cupboards in bathroom or kitchen	10
6. Work surfaces for food preparation	10
7. Space or water heating	12
8. Thermostatic radiator valves	7
9. Insulation of pipes, water tank or cylinder	10
10. Loft insulation	20
11. Cavity wall insulation	20
12. Draught proofing of external doors or windows	8
13. Double glazing or other external window replacement or secondary glazing	20
14. Rewiring or the provision of power and lighting or other electrical fittings (including smoke detectors)	15
15. Any object which improves the security of the dwelling-house, but excluding burglar alarms	10

For full conditions please refer to the relevant legislation