

## Statutory Right to Compensation for Improvements Policy

| <b>Policy Implementation Checklist</b>  |   |
|---|---|
| Policy Guardian:  | Director of Property Services   |
| Policy Author:  | Technical Services Manager  |
| Policy Title:   | Statutory Right to Compensation for Improvements Policy   |
| Approved by Chief Executive on:   | 18 April 2018   |
| Approved by Linthouse Management Committee on:  | 18 April 2018   |
| Effective from:   | 18 April 2018   |
| Due for Review on:  | April 2020  |
| <p><b>1. Scottish Social Housing Charter:</b></p> <p><b>The customer/landlord relationship</b></p> <p>Outcome No. 2: Communication</p> <p>This outcome covers all aspects of landlords' communication with tenants and other customers</p> <p><b>2. Regulatory Standards:</b></p> | <p><b>Communication:</b></p> <p><i>'Tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides.'</i></p> |
| Policy Linkages:  | <ul style="list-style-type: none"> <li>• Repairs and Maintenance</li> <li>• Decant Policy</li> <li>• General Policy on Adaptations and Improvements</li> </ul>  |
| Training Completed on:  |   |
| Plan Tested on:   |   |
| Posted on Website on:   |   |
| Staff Sign off as Read and Training Completed   |   |
| Management Committee Sign off as Read and Training Completed  |   |

## **Statutory Right to Compensation for Improvements Policy**

### **1. Introduction:**

The Housing (Scotland) Act 2001 introduced the tenant's Right to Compensation for Improvements from 30 September 2002. This gives tenants the right to receive compensation from their landlord for certain works (or qualifying improvements) which they have made to their home on or after 30 September 2002.

To qualify for this compensation:

- The landlord must have approved the works or improvements.
- The tenancy must have ended.

### **2. Summary of legislation:**

2.1 A tenant is entitled, at the end of their tenancy, to compensation for certain qualifying improvements they carry out, with our approval, during their tenancy.

2.2 The Act deals with LHA general policy obligations as a landlord, and the way in which LHA deals with requests from tenants for consent to carry out qualifying works or alterations.

2.3 The Statutory Instrument sets out the detail of what are qualifying improvements, circumstances under which compensation may be claimed and the basis of calculation of that compensation.

### **3. Aim of policy:**

3.1 Linthouse Housing Association (LHA) aims to provide a high quality repairs and improvement service and also to meet our obligations to our tenants under the Housing (Scotland) Act 2001.

3.2 We are therefore committed to ensuring that we have high quality operating processes in place to enable us to respond in an open and transparent manner to our tenant's rights under the Right to Compensation for Improvement legislation.

### **4. Policy Objectives:**

4.1 In order to meet our obligations to tenants we will ensure that:

- LHA tenants are advised of their rights under the 'Right to Compensation for Improvement' legislation at the start of their tenancy, before they commence any qualifying improvements, and at the end of the tenancy.
- LHA staff are aware of the tenants 'Right to Compensation for Improvement' under the Housing (Scotland) Act 2001 and the Improvements that qualify under it.
- LHA staff are issued with suitable and adequate training to enable them to respond to individual queries.

- LHA has processes in place to deal with requests from tenants for consent to carry out improvement work in an open and efficient manner.
- LHA carry out post inspections to ensure that conditions relating to the consent have been met.
- LHA has open and transparent processes in place to calculate the level of compensation, which may be paid at the end of the tenancy.
- LHA has processes in place to ensure that any appeal or dispute relating to any decision made by LHA is properly considered.

## **5. Alterations and Improvements:**

5.1 A list of all qualifying improvements and details of notional life spans used in the compensation calculation is provided in **Appendix 1**.

Any request to carry out alterations or improvements must be made in writing by the tenant to the Association. Permission to carry out the requested alteration or improvement will not be unreasonably withheld.

5.2 LHA will scrutinise any request for the following reasons:

- To safeguard the building (e.g. to ensure structural walls are not tampered with, heavy brick fireplaces are not putting extra loading on the floor/ceilings, gas pipes and electrical wires are safely and securely installed and appliances are suitable for the property).
- To advise tenants when building warrants or planning permission is required.

5.3 Where unauthorised alterations or improvements are discovered, formal permission may be granted and recorded retrospectively. However, if the standard of workmanship required by LHA has not been reached, any unauthorised alterations shall be removed and suitably disposed of by the person responsible for the structure within 7 days of notification by Association. Thereafter the Association will remove it and recharge the cost of the removal to the tenant concerned.

## **6. Qualifying Tenants:**

6.1 A qualifying tenant must:

- Be the tenant that carried out the qualifying alteration/improvement.  
Or
- Be a tenant of a joint tenancy that existed at the time the work was carried out.  
Or
- A tenant who succeeded to the tenancy under Section 22 on the death of the tenant that carried out the work and the tenancy did not cease to be a Scottish Secure tenancy on the succession.

## 7. Exclusions:

7.1 The LHA is not required to make payment in respect of qualifying improvements works under the following circumstances:

- Where the compensation which would otherwise be payable is less than £100.00.
- Where the tenancy ends because:
  - (a) The tenant has been evicted
  - (b) The property has been subject to demolition
  - (c) The property has been transferred to another landlord
  - (d) The 'right to buy' has been exercised
  - (e) **The qualifying person has been granted a new tenancy, whether alone or jointly, of the same, or substantially the same, house by LHA.**

Where improvements / alterations works have been carried out without the written consent of the Association no compensation will be paid.

## 8. Qualifying Conditions:

- The tenant must have the written consent of the Association for the improvement /alteration works undertaken.
- All works carried out must be in accordance with those approved by the Association.
- The tenant must provide copies of all statutory approvals, completion certificates and safety certificates relating to the improvement / alteration works.
- Any proposed works must meet all relevant standards in respect of materials, workmanship and safety. Furthermore the manufacturers' recommendations for installation and maintenance must be complied with and the work carried out by a competent person.
- All works must be undertaken by a competent person and where applicable, as with gas for example, by a recognised professional having membership of a relevant body (e.g. Gas Safe).
- Where a tenant carries out an improvement/alterations to their home which would otherwise be the LHA's responsibility, LHA will take over the maintenance provided that:
  - (a) The tenant has adhered to the conditions of this Policy.

(b) LHA has approved the request, the quality of fittings/materials and the standard of work.

## 9. Making a Claim:

9.1 Tenants must make a claim, in writing, to the Association for compensation under this Policy. This written request must be made during the period beginning 28 days before and ending 21 days after the tenancy comes to an end. The Association will respond to the written claim within 28 days.

LHA will offset any monies owed in rent or rechargeable repairs arrears against the compensation, thus reducing the award.

The maximum amount that will be paid is £4,000 per improvement, the minimum £100 per improvement (amounts less than £100 will not be compensated).

## 10. Calculating Compensation:

10.1 LHA's starting point is the cost of the improvements and the tenant will be asked to provide proof of the amount that has been spent.

The amount of compensation payable is based on a combination of the following:

- the initial cost of the improvement **C**
- the notional life **N**
- the number of years since the repair was carried out **Y**

The Association uses the following formula:

$$\text{Original Cost of Improvement} \times \frac{(N - Y)}{N} = \text{Compensation}$$

The value of an improvement will fall over time and this will be reflected in the compensation offered.

For example, if a qualifying improvement with:

C = £1,000 cost of improvement

N = 12 year notional life

Y = Completed 7 years ago

$$\begin{aligned} & \frac{\text{£1,000} \times (12 - 7)}{12} \\ &= \text{£1,000} \times 5/12 \\ &= \text{£416} \end{aligned}$$

The basis for calculating compensation will be the tenant's original cost, discounted over the notional life of the improvement that has elapsed since the improvement was

completed. LHA can also deduct a notional amount for excessive wear and tear or increase compensation if the condition of the improvement is noticeably better than could be expected.

In making an offer of compensation, the Association will state how the figure was calculated, including details of any deductions or supplements made and how the offer may have been affected by the upper or lower limits.

Payment will only be made to the qualifying person.

## **11. Disputes:**

11.1 If a tenant is dissatisfied by the decision regarding refusal to grant permission for improvement/alteration works or in relation to an offer of compensation they can ask for the decision to be reconsidered.

The request must be made, in writing, no more than 28 days after the initial decision. The request should outline the points that the claimant wishes to be reconsidered.

The Association may then have the decision reviewed by:

- an independent valuer or surveyor of their choice;

Any tenant still dissatisfied with the outcome of the decision can then raise this through the LHA Complaints Handling Procedure.

## **12. Review of Policy:**

This policy will be reviewed every three years.

| ITEM | IMPROVEMENT   | NOTIONAL LIFE (YEARS) |
|------|---|-----------------------|
| 1    | Bath or Shower  | 12                    |
| 2    | Cavity Wall insulation  | 20                    |
| 3    | Sound Insulation  | 20                    |
| 4    | Double Glazing, replacing external windows or fitting secondary glazing                             | 20                    |
| 5    | Draught-proofing external doors or windows  | 8                     |
| 6    | Insulation of pipes, water tanks or cylinders   | 10                    |
| 7    | Kitchen sink  | 10                    |
| 8    | Loft Insulation   | 20                    |
| 9    | Rewiring, providing power or lighting, adding other electrical fixtures (including smoke detectors) | 15                    |
| 10   | Security measures other than burglar alarms   | 10                    |
| 11   | Space or water heating  | 12                    |
| 12   | Storage cupboards in bathroom or kitchen  | 10                    |
| 13   | Thermostatic radiator valves  | 7                     |
| 14   | Wash-hand basin   | 12                    |
| 15   | Toilet (wc complete)  | 12                    |
| 16   | A work surface for preparing food   | 10                    |
| 17   | Mechanical ventilation in bathrooms and kitchen   | 7                     |