Red Kite Community Housing

COMPENSATION POLICY

Partnership • Respect • Pride

1. Purpose

1.1 This policy sets out our approach to providing compensation to residents (tenants, and where appropriate leaseholders or other customers of Red Kite Community Housing), in different circumstances, in a fair, consistent and proportionate way.

1.2 The aim of any compensation offered is to restore the resident to the position they would have been in had the service failure not occurred.

1.3 After considering practical actions such as providing vouchers, flowers or carrying out repairs which would otherwise be the resident's responsibility, we will offer financial compensation when it is the appropriate form of redress.

1.4 This policy does not cover any issues raised with us through the courts or legal representation, nor does it apply when a claim through insurance has been made.

2. Definitions

2.1 In this policy, compensation is defined as suitable recompense, including money or a gesture which may be provided by us when something goes wrong for a resident, or when a resident is inconvenienced as a direct result of our action or inaction.

2.2 Compensation can take the form of either **statutory, quantifiable loss** or **discretionary compensation.** These three forms of compensation are not mutually exclusive and may be used in combination as appropriate.

2.3 **Statutory** compensation is where there is a legal, or other mandatory requirement to provide compensation. Such as compensation payments required under the right to repair scheme.

2.4 **Quantifiable loss** compensation is where there is reasonably incurred actual demonstrable loss. Where a resident can demonstrate reasonable and evidenced financial losses caused by our action or inaction not in line with our service standards, policy or legal obligations.

2.5 **Discretionary** compensation is an award provided in recognition of any service failure, or adverse impact caused to a resident by our level of service, action or inaction not in line with our service standards.

3. Responsibilities

3.1 It is the responsibility of every member of staff to ensure that any claim for compensation is dealt with quickly, effectively and in line with this policy.

3.2 Any person making a claim for compensation must provide honest and accurate information in relation to their claim and must be willing to provide supporting evidence if required.

3.3 Where a compensation offer is made, we would expect the resident to indicate their acceptance with 28 days of the offer being made.

3.4 It is the responsibility of residents to have home contents insurance and to claim on this insurance when it is deemed appropriate to do so. This policy is not intended to replace or compensate for the lack of such insurance.

3.5 The Head of Feedback, or alternative Head of Service in their absence, has ultimate responsibility for authorising compensation requests in line with the policy and limits set. All requests will be scrutinised by the receiving manager and their Head of Service prior to any payment being authorised by the Head of Feedback to ensure they are appropriate.

4. Legal Framework

4.1 The main pieces of legislation are as follows:

- The Land Compensation Act 1973 (as amended by the Planning and Compensation Act 1991)
- Right to Repair provisions contained within section 121 of the Leasehold Reform, Housing and Urban Development Act 1993
- Right to Compensation for Improvements contained within part 1 of the Landlord and Tenant Act 1972
- The Housing Act 1985 and 1988 as amended
- The Home Loss Payment (Prescribed Amounts) (England) Regulations
- Social Housing (Regulation) Act 2023

5. Key Principles

5.1 Claims for compensation will be dealt with efficiently and sympathetically.

5.2 We will ensure this policy is in line with available good practice, regulatory and legislative requirements and we will comply with any statutory obligation to pay compensation.

5.3 This policy will be reviewed at least every 3 years unless otherwise required, i.e. due to regulatory or legislative change, or as an outcome of learning which has a material effect on this policy.

6 Policy Statement

6.1 We are committed to providing high quality housing and excellent services for all our residents and local communities. We take pride in our work and we operate in a fair and open manner to build trust and mutual respect. However, sometimes things may go wrong and customers may suffer inconvenience or loss as a result. When we fail to meet the standards, we have set out or that we are legally obligated to meet, compensation may be offered.

6.2 Each claim for compensation will be considered on an individual basis, taking into account all relevant known circumstances and supporting evidence or

documentation supplied. Where evidence is requested and is not supplied, claims may not be considered.

6.3 If a proposed compensation is outside of the scope of the policy the matter should be escalated to director level for consideration.

6.4 We will not normally consider a compensation claim if it relates to an incident that the claimant knew about for more than 12 months before contacting us.

6.5 Compensation will be offset against arrears, service charges or other debts owed to us, unless we are legally obligated to make the payment (such as statutory Home Loss, Right to Repair or Disturbance payments), or the reimbursement is being made for accidental damage or quantifiable losses reasonably incurred, where it will take the form of a direct financial payment to allow for the financial disadvantage of the individual to be corrected.

6.6 Any unhappiness about the amount of compensation offered should be considered under our Feedback Policy.

6.7 We will not pay compensation for:

- damages not caused by our action or inaction. For example, when an initial leak causes damage to personal belongings (this should be covered by a home contents insurance policy, which the resident is responsible for obtaining)
- service failure and right to repair where reasonable access has not been given to carry out our services; residents are expected to provide up to date contact details to enable us to arrange access to carry out work, and to keep appointments made
- loss that is due to negligence, or misuse, or action, or inaction by the resident, the household, their guest, neighbour, or third party beyond our control
- claims relating to financial loss, damage to third party property or personal injury, as a result of our negligence, which will be dealt with in accordance with the insurance procedures
- cases where legal proceedings have started, defined as details of the claim, such as the Claim Form and Particulars of Claim, having been filed at court
- cases where our service standard is fulfilled or our services were not requested within a reasonable time
- we do not compensate for loss of earnings or annual leave but may consider for example that if a resident had to take time off work, that this was an inconvenience and we may consider a discretionary award to recognise this inconvenience
- any damage or loss of facilities due to a problem beyond Red Kite's control, i.e. local or national power-cut or works being undertaken by utility companies, or severe weather (such as storms or flooding), etc

- minor fluctuations in the standard of estate cleaning or grounds maintenance, but any reported fall in standards will be resolved under the relevant policy
- cases where a compensation offer has been made but has not been accepted by the claimant within a period of 12 months

6.8 Our Compensation Procedure defines the formulas and thresholds used to make compensation payments.

6.9 **Statutory compensation** may take several different forms, including:

6.9.1 **Home Improvements** – for qualifying improvements please see Appendix 1

- **Assured (non-shorthold) 'protected/preserved' rights (PASS)** tenants have a statutory right to compensation for improvements they have carried out to their homes at the end of their tenancy.
- **Some Assured (non-shorthold) (NASS)** tenants may have contractual compensation for improvements they have carried out to their homes at the end of their tenancy, but ONLY applies if referenced in their tenancy agreement.
- Home Improvement Compensation does not apply to fixed term tenants
- Compensation shall not apply to a PASS or NASS (where applicable) tenant whose tenancy has come to an end because:
  - i. of a possession order made against resident on any grounds in Part 1 of Schedule 2 of the Housing Act 1988
  - ii. The right to buy or the right to acquire on rent to mortgage terms in part V of the Housing Act 1985
  - iii. The home has been disposed of to the tenant or one of the joint tenants under section 17 paragraph 38 of Housing Act 1988 or section 132(2) and Schedule 17 paragraph 39
  - iv. The new tenancy of the same has been granted to tenant (or joint tenant)
- Prior permission from Red Kite must have been obtained for a 'qualifying' improvement (*please see list of qualifying improvements in appendix 1*).
- Tenants can claim for the cost of materials and labour costs but not for appliances or their own labour. The amount payable can be up to £3,000 though claims under £50 will not be considered in line with the Policy.
- Payments will be adjusted for undue wear and tear or if any defects to the improvement exist at the end of the tenancy. Compensation is worked out based on the notional life of the improvement, divided by the cost of the improvement, minus the number of years left. The compensation calculation

must be in line with the legislation *s.97 and s.99A Housing Act 1985; Secure Tenants of Local Authorities (Compensation for Improvements) Regulations 1994 SI 1994/613.*

For example - Improvement costs £500 with notional life of 10 years and the resident is moving out after 2 years. £500/10 years = £50 per year; 2 years = £100. £500 cost - £100 = £400 compensation.

- Tenants must be able to provide the original receipts or proof of financial transactions/expenditure costs to be eligible for the compensation. The improvement must still be in good condition, add value to the home and in full working order.
- Any claims for compensation for improvements must be made in writing between 28 days before the actual end of the tenancy or up to 14 days after the tenancy has ended, to allow adequate time for technical inspection to take place.
- Claims can take up to 2-3 months depending on how quickly the evidence is provided by the claimant.

6.9.2 **Right to Repair** – We operate the *Right to Repair* Scheme which gives tenants the legal right to have certain, urgent, repairs completed within prescribed timescales. When these timeframes are not adhered to, a tenant may pursue a disrepair claim against us which could lead to compensation being paid if proven. The compensation is fixed by the legislation at an initial sum of £10, plus £2 for every day thereafter that the repair is not completed, up to a limit of £50. A full list of qualifying repairs is set out in within our Compensation Procedure.

6.9.3 **Home Loss** – May be paid when an assured tenant or leaseholder has to move permanently from their home to make way for demolition and/or development. This a flat rate payment, as set by Government, and will only be paid where the resident has been residing in the home for a minimum of 12 months. Payment will be divided equally between named tenants where applicable. The terms for making a home loss payment is set out in our Decant Policy.

6.9.4 **Disturbance** – May be paid to compensate residents to cover reasonable costs involved in moving to another property temporarily or permanently due to major repairs or demolition. This is paid in addition to a home loss payment for a permanent move and will also include the reasonable loss caused by the disturbance to any authorised business or trade on the premises. Such payments will be assessed on an individual basis in line with our Decant Policy.

6.10 **Quantifiable loss** compensation, may take different forms, including:

6.10.1 **Increased utilities cost** – May be paid to reimburse for the demonstrable increased electricity cost of running temporary heaters or dehumidifiers, we have provided.

6.10.2 **Preventative repairs** – May be paid to reimburse for demonstrable repair costs which the resident was compelled to arrange in order to prevent further property damage, because we failed to take the necessary action within a reasonable time.

6.10.3 **Costs Reasonably Incurred** - Some demonstrable costs incurred by a resident in making a complaint, may be reimbursed to them in full or in part. Examples include excessive telephone calls, and independent expert reports.

6.11 **Discretionary compensation** will be assessed on a case-by-case basis using the guidelines set out in the Compensation Procedure. Payments may not exceed the thresholds set out in the Compensation Procedure without the authorisation of a member of the Senior Leadership Team.

6.12 Discretionary compensation may also take several forms, including:

6.12.1 **Service Failure** – Residents are encouraged to use our Feedback Policy to report incidents where they are unhappy with the service that they have received. In such cases offering a small amount of compensation may be appropriate to recognise any adverse impact.

6.12.2 **Loss of Amenities or Rooms** – If we are unable to complete a responsive repair within the set response times, in accordance with the schedule of rates in operation at the time, the resident may have to cope without the use of amenities and/or rooms. In such cases, compensation may be awarded, and the calculation will take into account the type of room and inconvenience incurred up to a maximum of 100% of the gross rent. Based on the amount of out of use rooms and the amount payable for the period between the target date for completion and the date the work is finished.

6.12.3 **Distress and Inconvenience** – We may decide that through our actions or inaction, we have caused a resident to experience distress, upset or inconvenience and as such may look to compensate them for this. We do not compensate for loss of earnings but may consider, for example, that if a customer had to take time off work, that this was an inconvenience.

6.12.4 **Service Charge Service Failure** – This applies to residents who pay for services in addition to their rent. Where a service paid through a Service Charge has not been provided, or fails to adhere to the Red Kite's standards, an adjustment for the period of time the service was not delivered will be made and accounted for in the next Service Charge year.

6.12.5 **Loss and Damage** – Where a claim is made for personal possessions that have been damaged as a result of action or inaction by Red Kite, this may be forwarded to our insurers for consideration under the Red Kite's liability insurance and not dealt with or settled under this compensation policy. If the claim is forwarded to our insurers, we will provide regular updates and support to ensure the insurance claim is resolved within a reasonable time. If the damage was caused by one of our Service Partners, this will be passed to their insurers for consideration.

6.12.6 **Goodwill Gestures** – We reserve the right to choose, even without acceptance of fault, to offer a gesture of goodwill. This can take the form of a physical, a 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.

7 Accessibility and Confidentiality

7.1 Claims for compensation can be made to anyone in the organisation through any supported channel. The Compensation Procedure should be used to guide staff through the process of capturing compensation claims to ensure they are dealt with quickly and efficiently.

7.2 Claims for compensation may be passed to us on behalf of a resident by another person acting on their authority, although personal data will not be disclosed to any third party without prior written agreement. We may choose to make contact with the customer to confirm authenticity of the claim.

7.3 In cases where English is not a resident's first or preferred language, we will make every effort to offer limited translation services to make the experience easier. However, residents may need to pay for their own interpreter or interpretation technology if the solution offered is not adequate or they do not have a friend of family member to assist them.

7.4 Where a resident has a communication difficulty such as visual impairment, hard of hearing or poor literacy skills, we will work with that customer to find the best way of communicating with them.

7.5 We will keep all information about compensation claims confidential. We will not pass any information about an individual's claim to another person or organisation without first seeking consent, unless the claim relates to the action/inaction of one of our contractors, and there is a contractual obligation for them to compensate the resident directly.

8 Appeal

8.1 Any unhappiness about a decision on compensation, will be considered according to our feedback policy.

9 Reporting

9.1 Where appropriate, compensation payment data will form part of our complaints benchmarking submission in order to compare our performance against others.

9.2 Reviews of compensation paid will be conducted at least annually to ensure that this policy is being adhered to, and that we are actively working to learn from cases where compensation has been paid to reduce such situations occurring again.

9.3 We will include trends and lessons to be learnt from compensation paid, where they exist, within our monthly feedback reporting.

10 References

10.1 The Regulator of Social Housing sets out the expectations and obligations of housing associations. The standards relate to associations being viable, properly governed and properly managed.

10.2 The Housing Ombudsman can enforce penalties for poor administration of our procedures or financial disadvantage/or loss suffered by the claimant and therefore we must ensure we apply this policy consistently and effectively.

11 Related Policies & Procedures

- Feedback Policy
- Red Kite Compensation Procedure
- Repairs Policy
- Service Charge Procedure
- Decant Policy and Procedure
- Red Kite Tenancy Policy

APPENDIX 1 – Table of Qualifying Improvement

Qualifying improvement	Notional life in years
Bath or shower	12
Wash-hand basin	12
Toilet	12
Kitchen sink	15
Storage cupboards in bathroom or kitchen	15
Work surfaces for food preparation	15
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 house, excluding burglar alarms	10

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Document Controls

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Subject matter expert drafter	Head of Feedback	**Process owner**	Head of Feedback
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Approved by ELT	Alan Keers, DCEO and Twenty11 CEO	**Approved Date**	02 April 2025
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