



Right to Compensation for Improvements Policy

CONTENTS

- 1.0 Introduction
 - 2.0 Purpose of the Policy.
 - 3.0 Aim
 - 4.0 Qualifying Improvements.
 - 5.0 Qualifying Conditions.
 - 6.0 Amount of Compensation.
 - 7.0 Qualifying Tenants.
 - 8.0 Exclusions.
 - 9.0 Formula for Calculating Compensation.
 - 10.0 Claims for Compensation.
 - 11.0 Appeals Procedure.
 - 12.0 Information.
 - 13.0 Monitoring.
 - 14.0 Equality and Human Rights
 - 15.0 Complaints
 - 16.0 Review of Policy.
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- Appendix 1 List of Qualifying Improvement Works & Notional Lifespan
 - Appendix 2 Formula for Calculating Compensation

1

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1.0 INTRODUCTION

The Housing (Scotland) Act 2001 introduced the Right to Compensation for Improvements from 30th September 2002. This provision gives tenants the right to undertake alterations or improvements to their home and to receive compensation at the termination of their tenancy for certain works or *qualifying improvements* carried out by them during the course of their tenancy.

2.0 PURPOSE OF THE POLICY

The purpose of the policy is to provide Ayrshire Housing with a framework to enable the Right to Compensation for Improvements legislation to be implemented. The policy reflects the association's commitment to ensuring that it complies with the legislation.

The legal reference is the Scottish Secure Tenants (Compensation for Improvements) Regulations 2002 (Scottish Statutory Instrument 2002/312).

The policy follows the principles laid out in the association's Repairs and Maintenance Policy and Section 5.20 and 5.21 of the association's Scottish Secure Tenancy Agreement.

3.0 AIM

The primary aim of the Right to Compensation for Improvements policy is to meet fully our legal obligations.

4.0 QUALIFYING IMPROVEMENTS

Qualifying improvement work refers to the installation or replacement of an item specified in **Appendix 1**.

Compensation will be payable for the cost of the improvement, including labour and materials but excluding appliances and decoration and subject to submission of receipted invoices from a legally constituted sole trader, partnership or limited company. Labour costs will not be paid to tenants who have installed improvements using their own labour.

5.0 QUALIFYING CONDITIONS

Alterations made without Landlord consent do not qualify for compensation. However, permission will not be unreasonably withheld and will normally be granted subject to the following conditions:

Tenants are required to obtain written consent before undertaking any improvement work, other than interior decoration. Where legislation dictates that any work must be completed by a qualified installer, the tenant will be asked to confirm in writing, the name of the contractor and details of the relevant qualification prior to permission being granted, e.g. Gas Safe registration number.

The association requires to be satisfied that any proposed improvements will meet the relevant standards in respect of materials, safety and quality of work. Manufacturers' recommendations for installation and maintenance must be adhered to and work must be undertaken by recognised contractors including Gas Safe registered for gas installations and NICEIC or SELECT registered contractors for electrical works.

Unreasonable levels of subsequent maintenance must not be incurred e.g. Specialist Equipment.

The completed improvement work must not detract from the future letting of the property. The cost of any remedial or upgrading works to enable re-let will be deducted from the compensation payable to the claimant e.g. works required to rectify defects identified during gas and electrical safety checks.

The work undertaken must accord with the works for which consent was approved.

Compensation will only be made where the association obtains vacant possession of the property.

Compensation will not be paid to a successor where the successor remains in the property. However, a successor who vacates the property may be eligible for compensation.

Any improvement must not be provided simply for cosmetic purposes. e.g. decoration or landscaping works.

Any necessary Building Warrants and Planning consents must have been obtained by the tenant and the improvement works must comply with the terms of these approvals.

The cost of any improvement grants or other grants received by the tenant shall be deducted from any compensation due.

The amount of any arrears, outstanding rechargeable repairs or remedial works shall be deducted from any compensation due.

The association may determine additional conditions to reflect relevant circumstances. For example, the association may reject approval for the installation

of replacement heating where a planned programme is underway or imminent for such works.

Compensation will only be payable at the end of the tenancy to qualifying tenants as defined in 7.0

Work must be to a standard acceptable and approved in writing by Ayrshire Housing. Completed application forms, requesting permission to carry out alterations and/or improvements should be returned to the association's Maintenance Section. The tenant is responsible for obtaining all other necessary approvals and certificates as required, e.g. planning permission and/or building warrants.

It is important to note that failure to obtain the association's approval (or any other statutory warrants) may result in tenants being required to reinstate their home to its original condition.

6.0 AMOUNT OF COMPENSATION

Compensation will be calculated on the cost of the works depreciated over the notional lifespan of the improvement as defined at **Appendix 1**. The sum deducted for depreciation will be based on the completed years of the notional lifespan (part years will be disregarded). The calculation of compensation will be based on the formula $C \times (1 - (Y/N))$ set by the Scottish Executive and demonstrated in the example shown in **Appendix 2**.

The association may make adjustments to the calculation to reflect the following factors:

- i. Where the cost of the improvement work is considered excessive.
- ii. Where the deterioration in the quality of the improvement is greater than that provided for in the notional lifespan for such improvements.
- iii. If the improvement work is considered to be of a lesser quality than if it had been completed by the association for similar installations.
- iv. If the improvement work is considered to be of a quality significantly above that which the association would install.

The maximum compensation payable will be £4,000 for each improvement; the minimum £100 per improvement (amounts less than £100 will not be paid).

Where (i) (ii) or (iii) applies, the amount of compensation will be reduced; where (iv) applies, it may be increased.

7.0 QUALIFYING TENANTS

A qualifying tenant must be one of the following:

- the tenant who carried out the qualifying improvement work.
- a tenant of a joint tenancy which existed at the time when the qualifying improvement work was carried out.
- a tenant who succeeded to the tenancy which existed when the qualifying improvement work was carried out and the tenancy did not cease to be a Scottish Secure tenancy on the succession.

It is assumed that, in the case of a joint tenancy, the Right to Compensation will be resolved between those who jointly qualify for compensation, at the time they join or leave the joint tenancy. If one joint tenant cannot be traced when compensation falls to be paid, the full amount of compensation will be paid to the remaining joint tenant(s). It is for the absent tenant to recover his/her share from those to whom it was paid.

8.0 EXCLUSIONS

There will be no right to compensation for improvements where the tenancy has ended for one of the following reasons:

- the tenancy has been transferred to another registered social landlord, e.g. via a (voluntary) Transfer of Engagements.
- the tenant(s) has/have exercised the Right to Buy.
- where an order for recovery of possession was made on any of the grounds specified in Part 1 of Schedule 2 of the Housing (Scotland) Act 2001.
- where the tenant(s) has/have been granted a new tenancy that is substantially the same as the tenancy of the home where the improvement was carried out.

9.0 FORMULA FOR CALCULATING COMPENSATION

Compensation will be calculated on the initial cost of the improvement work and based on a depreciation formula depending on the time elapsed since the improvement work was carried out.

It is the responsibility of the tenant to provide all relevant information and details to the association.

Compensation will be calculated on only the real cost to the tenant. It will exclude:

- any costs attributed to the tenant's own labour.
- any grants received by the tenant towards the cost of the improvement.
- the cost of any professional fees paid.
- the cost of obtaining planning consent or consent under building regulations.

The association will respond to the claimant within 28 days of all relevant information being provided.

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.

A tenant may, where they disagree with the compensation valuation calculated by the association, request that the valuation be reconsidered. Such an appeal must be lodged within 28 days of the association's notification of compensation valuation.

11.0 APPEALS PROCEDURE

Tenants have the right to appeal against a decision made not to pay compensation. The appeal should be made in writing within 28 days and addressed to the Head of Housing Services who will write to confirm receipt of the appeal within seven working days.

If the tenant is dissatisfied with the decision of the Head of Housing Services, they ask that their complaint is handled in accordance with the association's Complaints Procedure.

12.0 INFORMATION

Ayrshire Housing will provide tenants with written details of its Right to Compensation for Improvements Policy as requested. Publications will be written in plain language and can be made available in different languages and formats if required.

Information will take the following forms:

- Information on Right to Compensation for Improvements will be included annually in the association's newsletters.
- Information leaflets will be available at the association's office.

- Details of the regulations will be provided in the tenant's handbook and on the association's website.

13.0 MONITORING

Where alterations/improvements have been carried out to a property, either with or without the consent of the association, details will be recorded within the Maintenance Property File, Extended Data section by the Maintenance Officer.

14.0 EQUALITY AND HUMAN RIGHTS

Ayrshire Housing is committed to equal and fair treatment of all sections of the community. Accordingly, no person will be discriminated against during the implementation of this Policy on the groups of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation. In delivering this policy, Ayrshire Housing's staff will comply fully with the requirements of the association's Equality and Human Rights Policy.

15.0 COMPLAINTS

Any individual who is dissatisfied with the service experienced should be encouraged to provide feedback. Complaints regarding the implementation of this policy will initially be dealt with by the Technical Services Manager in accordance with the association's corporate Customer Complaints Policy and associated procedures.

16.0 REVIEW OF THE POLICY

The Right to Compensation for Improvements Policy is based on current legislation, consequently, it will only require to be changed when legislation has been amended. However, the policy will be reviewed every three years to ensure that the aims of the policy are being achieved.

APPENDIX 1

Qualifying Improvement Works and Notional Lifespan

Improvement Work	Notional Lifespan (In Years)
Bath or Shower	12
Cavity Wall Insulation	20
Sound Insulation	20
Double Glazing or Other External Window Replacement or Secondary Glazing	20
Draught Proofing of External Doors or Windows	8
Installation of Mechanical Ventilation in Bathrooms or Kitchens	7
Kitchen Sink	10
Loft Insulation	20
Rewiring and the Provision of Power and Lighting or Other Electrical Fixtures including Smoke Detectors	20
Security Measures other than Burglar Alarm Systems	15
Space or Water Heating	12
Storage cupboards in Bathroom or Kitchen	10
Thermostatic Radiator Valves	7
Wash Hand Basin	12
Water Closet (WC complete)	12
Work Surfaces for Food Preparation	10

Decoration including wall or floor tiling does not qualify for compensation.

APPENDIX 2

Formula for Calculating Compensation

$$\text{Compensation} = C \times (1 - (Y/N))$$

- where:
- C = cost of the improvement (less the value of any grant made)
 - N = the notional life (In Years)
 - Y = the number of years starting on the date on which the improvement was completed and ending on the date on which the tenancy ends. For the purpose of this calculation a part year shall be counted as a full year.

Example

- Tenant installs replacement windows in 2007.
- The cost of the improvement work was £3000.
- The notional Lifespan of the improvement is 20 years.

Calculation

$$\begin{aligned} & C \times (1 - Y/N) \\ & £3000 \times (1 - (10/20)) \\ & £3000 \times (1 - (0.5)) \\ & £3000 \times (0.5) \end{aligned}$$

Compensation payable: £1500