

Report for Resolution

Report to Cabinet
14 December 2011

Report of Director of regeneration and development

Subject Compensation policy for housing repairs

Item

11

Purpose

To advise cabinet of the proposed introduction of a compensation policy for housing repairs.

Recommendations

To approve the new compensation policy for housing repairs

Financial Consequences

A provision of £35k has been made within this account for the current financial year to deal with claims. A similar allocation will be made for the financial year 2012/13.

Risk Assessment

1) Risk that the total amount of compensation claims will exceed the budget allowance.

There is a possibility that the amount of compensation payable under the policy may exceed the current budget allowance. This risk has been assessed as low. Whilst there may be a high number of claims in the early stages of implementation, having a set framework in place will ensure that officers have guidelines to adhere to when deciding compensation amounts. This will ensure that the amount of compensation paid is appropriate to the level of service failure, and is consistent and in line with government guidance (where appropriate).

Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority “safe and healthy neighbourhoods – working in partnership with residents to create neighbourhoods where people feel secure, where the streets are clean and well maintained, where there is good quality housing and local amenities and where there are active local communities”.

Executive Member: Councillor MacDonald, portfolio holder for housing

Ward: All wards

Contact Officers:

Chris Rayner, head of property services

01603 213208

Rachael Warnes, business improvement team leader

01603 213157

Background Documents

None.

Report

Background

1. The council has always considered claims for compensation relating to the housing repairs service, and, where appropriate, has made compensation payments on a case by case basis. Whilst this approach has followed government guidelines, this report seeks to review these arrangements and establish a clear policy framework.
2. Given the requirement to be able to demonstrate a transparent, consistent and equitable approach to compensation in this area, the current process for providing compensation has been reviewed. As a result of this review, the following compensation framework has been established.

Policy details & use

3. The policy documents attached (policy and appendices 1 and 2) outline the situations where it will be appropriate for compensation to be paid, what form the compensation will take, and includes a framework of how much the council will pay, and what form this payment will take.
4. The policy has been drafted with due regard to the policies of other social landlord's, and adheres to the relevant government guidelines and legislation where appropriate. (Such as Right to Repair legislation and a tenant's right to claim compensation for their own improvements).
5. The policy also provides a mechanism for refunding proportionate amounts of service charges where customers are charged for a service that the council has failed to provide. In addition, the policy sets out guidelines for situations where compensation is not appropriate; to assist officers when assessing claims and to ensure there is a robust justification for compensation not being paid.
6. As part of providing a mechanism for payment of compensation, the policy also provides guidelines as to when monetary payments can be offset against an existing debt to the Council.
7. This policy and associated processes will ensure that the council is able to both monitor the amount of payments made, and the levels and type of service failure that are occurring, which will enable the service area to address service improvements on a case by case basis.
8. Comments from the Citywide Board Repairs Subgroup, and, if available, from the Norwich Leaseholders Association will be reported at the meeting.

Appendix 1

Right to Repair

1.1 As part of the Citizen's Charter scheme, a Right to Repair scheme was introduced for council tenants from 1 April 1994. The right to repair scheme gives tenants the right to claim compensation if certain small urgent repairs are not carried out within prescribed time limits (Secure Tenants of Local Housing Authorities (Right to Repair) Regulations 1994). This right is granted to secure tenants of local housing authorities under the Housing Act 1985, as amended by the Leasehold Reform, Housing and Urban Development Act 1993.

1.2 The council will inform the resident what repairs come under the new scheme and how long it has to carry them out. Repair times vary depending on the type of repair.

1.3 This right has been incorporated into the council's tenancy agreements and covers emergency or urgent repairs costing less than £250.

1.4 If a repair is reported and then is not carried out within the initial set timescale, the resident can request that another contractor carries out the works. If the works are then not completed within the second specified period the resident is entitled to compensation.

1.5 If the council failed to carry out the repair in a reasonable time the resident may arrange for the repairs to be carried out by a qualified operative and submit the costs to the council, for reimbursement.

1.6 A qualifying repair is one which does not cost more than £250 and which, if not carried out within a set period, is likely to put the resident's health, safety or security at risk. It is the type of repair listed under Emergency or Urgent. Examples of this type of repair could be:

- unsafe power or lighting sockets or electrical fittings
- blocked flue to open fire or boiler
- leaking roof
- toilets which do not flush
- blocked sink, bath or basin;
- leaking from a water or heating pipe, tank or cistern
- loose or broken banisters or handrails

1.7 The resident must make a written claim within 21 days of the expiry of the second period agreed and the council must make payment within a further 28 days.

1.8 The resident is entitled to compensation of £10, plus an additional £2 for each day's delay after the expiry of the second period the repair was due to be completed in, up to a maximum of £50 compensation. These amounts are set out in statute. If the resident has rent or lease arrears, the money paid will be credited against this debt.

1.9 Norwich City Council will only compensate residents who have followed the correct repairs reporting procedure.

1.10 There is no right to compensation if the resident does not co-operate with the landlord in providing reasonable access to inspect or carry out a repair.

1.11 Any disputes over the right to repair that cannot be settled via the corporate complaints procedure will be settled in the County Court.

Appendix 2

Property improvements

2.1 The Housing Act 1985 gives secure tenants the right to carry out improvements subject to their landlord's consent. Norwich city council grants this right to tenants in their tenancy agreement (see 'Tenants Own Improvements to Council Homes: A Guide for Tenants').

2.2 Where an alteration made to a property has been approved by the landlord and is confirmed as a qualifying improvement (in accordance with set guidelines and the Citizen's Charter Scheme) to the property, compensation will be offered to the resident who has done the improvement work when they leave the property.

2.3 At the end of their tenancy residents who have made qualifying improvements may be able to claim compensation.

Qualification criteria

2.4 Residents will not be entitled to compensation where:

- the claim is less than £50
- they have no evidence of the costs of the improvements, for example, receipts or bills
- the property has been purchased under the Right to Buy (RTB) Scheme
- the work is not up to an acceptable standard, or it has not been carried out by a suitably qualified person (this will be verified by an inspection of the work by Norwich City Council)
- the tenancy is being assigned to another (see policy on assignment to a potential successor),
- a new tenancy is started at the property by the resident
- they move to another property within the authority or;
- the tenancy was ended by a Possession Order

2.5 If the resident who made the improvement does not claim compensation, then the following may also claim it:

- anyone who has become a joint resident with the improving resident
- a person succeeding to the tenancy on the death of the improving resident

- assignees who would have qualified to succeed to the tenancy if the improving resident had died
- a spouse or former spouse, cohabiter to whom the tenancy was assigned or transferred by a court order following a relationship breakdown

2.6 The claim must be made in writing within the period starting 28 days before, and ending 14 days after the tenancy ends.

Qualifying improvements

2.7 Qualifying improvements are set out in Statutory Instrument 1994 (No. 613) as being the following items:

- bath or shower, wash hand basin, or toilet
- kitchen sink, or work surfaces for food preparation
- storage cupboards in bathroom or kitchen
- space or water heating, including thermostatic radiator valves
- insulation to pipes, water tank or cylinder
- loft or cavity wall insulation
- draught proofing of external doors or windows
- double glazing or other external window replacement or secondary glazing
- rewiring or the provision of power and lighting or other electrical fittings (including smoke detectors)
- any object which improves the security of the dwelling (excluding burglar alarms)

2.8 The Council will only pay compensation if there is evidence (such as a written letter of permission) that Norwich City Council gave permission for the work to be done.

Amount of compensation

2.9 Compensation will be subject to written evidence being obtained and based on a formula set out in Statutory Instrument 1994 (No. 613) which considers:

- the improvement costs (which must be considered reasonable and subject to three written estimates), less the value of any grants obtained under Part VIII of the Local Government and Housing Act 1989 or the Home Energy Efficiency Grants Regulations 1992

- the notional life of the improvement
- the number of complete years, 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

2.10 The maximum amount that can be claimed is £3,000.

Other compensation at the discretion of Norwich City Council

2.11 Norwich City Council may also compensate for other improvements which are not mentioned in Statutory Instrument 1994 (No. 613) at their own discretion, where they are deemed to have added to the value and/or let-ability of the property. Examples of these improvements may be:

- Alterations which improve the environmental sustainability of the property, including for example solar panels / ground heat pumps etc
- Property extensions, patios or conservatories

Disagreement

2.12 If the resident is unhappy with the sum they have been offered, they can write to us within 28 days of receiving our offer. We will then review the amount offered to the resident in the light of the information provided.

2.13 Beyond this appeal, any further disagreements can be addressed through the corporate complaints procedure.

Resident's removal of their own improvement

2.14 If a resident chooses to remove an improvement they have made to the property when the tenancy ends, they must make good any repairs required as a result. For example, if a resident wishes to take their own kitchen with them when they vacate a property, they must replace all the units that were originally removed.

| | | | |
|---|--|---------------------|----------------|
| POLICY | SUBJECT: Compensation (Housing Repairs) | | |
| DATE ISSUED: | September 2011 | REVIEW DATE: | September 2012 |
| ISSUED BY: | Housing property services | | |
| FURTHER INFORMATION AVAILABLE FROM: Head of property services Business improvement team leader | | | |
| RELEVANT LEGISLATION INFORMING THIS POLICY <ul style="list-style-type: none"> ▪ Housing Act 1985 ▪ The Secure Tenants of Local Authorities (Compensation for Improvements) Regulations 1994 ▪ Leasehold Reform, Housing and Urban Development Act 1993 ▪ Secure Tenants of Local Housing Authorities (Right to Repair) Regulations 1994 ▪ Local Government and Housing Act 1989 ▪ Home Energy Efficiency Grants Regulations 1992 | | | |

| | | | | |
|--|---|------------------------|--|-----------|
| Any Housing / Corporate implications? | The report helps achieve the strategic priority of 'Safe and Healthy Neighbourhoods'. | Yes X | | No |
| Contributes to corporate objective | Indirectly | X | | |

Equality and diversity

| | | | | |
|---|--|------------|--|-----------------------|
| Any equality and diversity impact? | Equitable delivery of service. Consider needs on all 7 strands re 1. race, 2. gender, 3. disability, 4. religion/belief, 5. sexual orientation and 6. age, 7. transgender Test of relevance, screening, Full diversity impact assessment required? Test of relevance attached. Full impact assessment not required. | Yes | | No X |
| Impact in relation to statutory code of practice on racial equality in housing | Equitable delivery of service? Test of relevance attached. Full impact assessment not required. | Yes | | No X |

Duty to involve

| | | | | |
|------------------------|--|------------------------|--|-----------|
| Duty to involve | Tenants / leaseholders / residents. Policy has been taken to the Citywide board repairs and recharges sub-group. | Yes X | | No |
|------------------------|--|------------------------|--|-----------|

| | | | |
|---|--|------------|-----------------|
| | | | |
| <u>Consultation - Section 105 of housing act 1985.doc</u> | tenants / leaseholders / stakeholders | Yes | No X |

Customer excellence

| | | | |
|---|---|------------------|-----------|
| Meeting the customer service excellence standard | Does this contribute to /have an impact on customer excellence /delivery of service. | Yes X | No |
|---|---|------------------|-----------|

1 Scope

1.1 This policy applies to: Norwich City Council's publicly owned housing stock.

2 Policy statements

2.1 Norwich City Council works to improve people's standard of living through providing quality accommodation and reliable services to residents, and through helping build sustainable communities where people want to live and work.

2.2 Norwich City Council aims to provide high quality services and to resolve any problems before the need for a compensation payment arises. If services fail or fall below published standards then Norwich City Council will put the matter right and apologise as quickly as possible (in accordance with the timescales outlined in Norwich City Council's complaints policy).

2.3 Norwich City Council recognises that there are situations where service failures result in the need to compensate residents for loss or inconvenience suffered.

2.4 The council will ensure that payments made are fair and appropriate and in line with legal and regulatory requirements.

3 Policy

3.1 The aims of this policy are to ensure that:

- problems are resolved quickly and efficiently;
- practical solutions to remedy the situation are explored;
- where financial payments are appropriate, they will be proportionate to the loss or severe inconvenience incurred;
- financial payment is considered alongside policy guidelines; and
- all residents and service users are treated in a fair and equitable way

3.2 The council will adhere to any reasonable and fair actions or compensations ordered by the Housing Ombudsman as part of their findings following a complaint.

3.3 The council will adhere to the recommendations made by a complaints panel hearing.

3.4 Where the resident or service user has existing rent arrears or other debts with Norwich City Council we reserve the right to offset any compensation payments against these debts.

Legal and regulatory requirements

3.5 The council will pay compensation for right to repair claims as set out in the Housing Act 1985 as amended by Leasehold Reform, Housing and Urban Development Act 1993 for secure tenants. [Leasehold Reform, Housing and Urban Development Act 1993](#)

3.6 The council will adhere to The Secure Tenants of Local Authorities (Compensation for Improvements) Regulations 1994 and pay compensation for qualifying improvements. [The Secure Tenants of Local Authorities \(Compensation for Improvements\) Regulations 1994](#)

4 Types of compensation payments

Right to repair

See appendix 1

Home-loss and disturbance payments

4.1 Permanent home-loss and disturbance payments are set out in the decommissioning policy. http://www.norwich.gov.uk/intranet_docs/A-Z/Housing/Strategies/Housing_decommissioning_strategy.pdf

Property improvements

See appendix 2

Discretionary payments

4.2 In exceptional circumstances, such as where severe inconvenience has been caused a discretionary goodwill compensation payment may be considered. In these circumstances we will follow the guidelines set out in this policy and procedure to ensure that the payments offered are fair and equitable for residents and service users.

These will take the form of:

Goodwill payments/gestures

4.3 Goodwill payments/gestures can be offered following a report of an exceptional or severe service failure or complaint that is found to be justified. It may be appropriate to offer a goodwill gesture up to the value of £50, such as £50 worth of decoration vouchers. A goodwill gesture can be more personal than a monetary goodwill payment and may help to restore confidence in our organisation.

A goodwill payment may be offered in situations where a monetary offer would be more suitable or where the person seeking redress will only accept a financial payment.

Compensation

4.4 In exceptional cases, where the resident can evidence they have suffered financial loss as a result of the direct actions of Norwich City Council, it may be appropriate to offer a compensation payment in addition to, or instead of a goodwill gesture or payment.

4.5 Compensation and goodwill payments by Norwich city council are not automatic, even where it is clear mistakes have been made. Where a practical solution would provide all or part of the remedy, this will first be discussed with the resident or service user, and all options and solutions explained.

Deciding the amount

4.6 When considering how much to offer a person in recognition of loss or inconvenience they have suffered, it is important to take these key factors into account:

- any known financial costs that have been reasonably incurred
- the degree of disruption to the household, both physical and mental
- consideration of the household vulnerabilities, including age or disability
- recognition of any failure by Norwich City Council to follow policies and procedures
- assessment of whether the financial loss or severe inconvenience could be reconciled in any other manner
- any failures to follow the complaint handling process
- the time taken to resolve the complaint – beyond stated response times and without reasonable cause
- if the resident has personal home and contents insurance

Payments in incidents of service failure e.g. district heating / hot water failures

4.7 Where customers are charged for a service and we have failed to provide it, we may recompense residents and service users with a refund of the proportionate amount.

4.8 It may be appropriate to offer a payment equal to full or partial charge depending on the degree of service failure for the period of loss of an amenity such as drainage or sanitation, electricity, heating, hot water or cold water supply.

The daily rate would start from beyond our published target response times for repairs and would be dependant on circumstances that may affect the repair(s) such as the weather conditions at the time, and if Norwich City Council are responsible for the provision of the amenity.

4.9 If the loss of amenity is the result of a problem beyond Norwich City Council's control as landlord, no compensation will be payable. Examples of this include

localised or national power cuts; repairs being carried out independently by utility companies, and blocked street sewers.

District heating refunds

Incident response process

4.10 An incident is defined as any failure over the published response time. Norwich City Council's contractor will report to the relevant service area when the failure/time taken to repair runs over the published response time.

4.11 Emergency heating arrangements for the customer will be made by Norwich City Council's contractor.

4.12 Norwich City Council's contractor will provide the customer with a standard letter detailing the potential refund arrangements in cases of district heating failures.

4.13 When the supply has been restored the contractor will inform the appropriate service area.

4.14 The service area will to inform the rents team of the duration of failure within 5 working days of contractor notification.

4.15 The rents team will check if any leaseholders are affected by the service failure and inform the home ownership if appropriate.

Refund process for district heating refunds

Tenants

4.16 The rents team will calculate the refund and raise a cheque or credit the customers rent account.

4.17 The rents team will send a letter to the customer informing them of the amount to be paid or credited, and the payment method.

Leaseholders

4.18 The home ownership team will calculate the refund and credit the service charge account.

4.19 The home ownership team will send a letter to the leaseholder informing them of amount to be credited.

Loss of room use

4.20 Where a room is considered to be 'unusable'; for example where there is:

- no electricity at all in a room
- severe damp (causing the room to be un-habitable)
- unsafe or collapsed floor or ceiling

4.21 Where a household has not had the use of a room beyond published repair response times (and where the loss of the room use is not caused by lifestyle issues) we may offer goodwill payments as a proportion of the weekly/monthly rent.

The calculation of compensation for loss of room use will take into consideration factors such as whether whole rooms were unusable for any period of time. Calculation of compensation is shown in the table below.*

| Room | 1 Bed/Bedsit | 2 Bedroom | 3 Bedroom | 4 Bedroom |
|-------------|--------------|-----------|-----------|-----------|
| Kitchen | 40% | 30% | 30% | 30% |
| Bathroom | 20% | 20% | 10% | 10% |
| Living room | 20% | 20% | 20% | 20% |
| Bedroom 1 | 20% | 15% | 15% | 15% |
| Bedroom 2 | N/A | 15% | 15% | 15% |
| Bedroom 3 | N/A | N/A | 10% | 10% |

** The percentages shown above are what Norwich City Council as a landlord determines as reasonable in the event of a room being out of use, and would be offset against weekly rental payments/service charges. Norwich City Council rents are on a 50 week cycle.*

5 Situations in which we will not make compensation payments

5.1 Norwich City Council may not make compensation payments in certain circumstances. The following list is an example and is not exhaustive:

- where the mistake or service failure has caused little or no problem to the people affected
- where the fault is caused by a third party or is something Norwich City Council has no control over
- where the resident or service user could make a claim on their own insurance
- where the incident was caused as a result of negligence by the resident or service user or their failure to comply with the terms of their tenancy

6 Right to Repair

See appendix 1

7 Compensation for improvements

See appendix 2

8 Goodwill and compensation payments

8.1 A goodwill gesture or payment may be offered where a person is dissatisfied following a report of a service failure or a formal complaint. It may be appropriate to offer the resident a choice of possible goodwill gestures.

8.2 Compensation may be offered where Norwich City Council wishes to acknowledge a mistake made by offering financial recompense to the resident or service user.

8.3 Where the payment is offered as a result of a complaint, the appropriate manager or budget holder for that business area or service will decide the amount to offer.

8.4 Payments may be offered in situations such as:

- major avoidable delay in completing a repair
- loss of an amenity (caused by Norwich City Council)
- serious service delays
- maladministration or loss of paperwork

8.5 It may be appropriate to offer a payment between the amounts stated below. Where amounts are offered 'per day', the daily rate starts once the published target response times for repairs have passed. These amounts are offered as a guide only.

| Situation | Amount Offered |
|--|--|
| Loss of amenity such as water, gas, electricity, sanitation, heating or hot water (where Norwich City Council are responsible for provision) | £5 - £10 per day |
| Failure to provide a service you have paid for | Direct refund of any charges for the period or a goodwill gesture for all those affected |

8.6 If temporary heating or portable cookers are provided, this should be taken into account when assessing goodwill payment offers following the loss of an amenity. Where the customer can evidence that they incurred extra costs, this amount should be reimbursed, where the extra costs are considered reasonable.

8.7 Payment will only be considered for loss of amenity if the resident is co-operating fully with Norwich City Council's contractors to aid completion of the repair that is associated with the loss of amenity.

Crediting payments against outstanding debts

8.8 Where the customer has arrears on any account, we will credit the amount against the debt before any payments are made to the customer. The council will check the customers rent account and advise the customer what amount is to be credited to the rent account to reduce or clear the debt.

Compensation for damage or loss

8.9 Where damage to goods or personal injury has occurred due to alleged negligence on behalf of Norwich City Council, the customer can submit a claim to our risk and insurance manager:

FAO Risk & Insurance Manager
Norwich City Council
St Peters Street
Norwich
NR2 1NH

In these cases, the person making the claim must be able to provide evidence to support their claim. Goodwill payments will not be awarded while an insurance claim is in progress.

9 Receiving the payment

9.1 The lead council officer (the person who is arranging the payment) will arrange for the customer to sign a Payment Acceptance Form to confirm that they accept the amount offered to them.

9.2 If the customer does not sign and return the form, no payment will be made.

10 Service standards

10.1 The Council will aim to make sure payments/credits are made within 21 calendar days of the amount being accepted by the resident.

10.2 For service standards relating to complaints, repairs and property alterations and improvements, please see Norwich City Council's corporate complaints policy.

11 Monitoring

11.1 The Council will monitor payment amounts offered to ensure that the payments are in line with this policy and no one customer is receiving excessive payments through the process.

12 Equality and diversity

12.1 Norwich City Council will treat all customers and staff with fairness and respect. We value diversity and work to promote equality and tackle unlawful discrimination.

12.2 The Council is committed to helping customers to access information about their homes and services in a way that suits individual needs. Please get in touch with us on 0344 980 3333 if you wish to discuss this.

TEST OF RELEVANCE



NORWICH
City Council

Title of proposed policy, function or project: Compensation policy (housing repairs)

2. Name: Rachael Warnes

Position: Business
improvement team leader

Date: 21/11/2011

3. Please tick ✓ below as appropriate: Is the policy or function....

Existing?

☐

Revised?

☐

New?

☒

4. Does the proposal have a High, Medium or Low impact on..?

| | Race | Gender | Disability | Age | Sexual orientation | Religion/ belief |
|-----------------------------------|------|--------|------------|-----|--------------------|---------------------|
| Advancing equality of opportunity | Low | Low | Low | Low | Low | Low |
| Eliminating discrimination | Low | Low | Low | Low | Low | Low |
| Fostering good relations | Low | Low | Low | Low | Low | Low |
| Human rights | Low | Low | Low | Low | Low | Low |
| Total | H = | | M = | | L = 24 | |

5. Comments or recommendations: An EIA is not required given the low impact scoring. We should monitor this new policy for a one year period to ensure that there is equal access to it, and carry out a further TOR after that time.

High relevance: The policy or function is relevant to **4 or 5** elements of the general equality duty.

Medium relevance: The policy or function is relevant to **2 or 3** elements of the general equality duty.

Low relevance: The policy or function is relevant to **0 or 1** elements of the general equality duty.