Compensation for Improvements
(Ref: PS/16)

Purpose of Policy: This Policy outlines how the Association deals with compensation for improvements carried out by tenants

Policy Monitoring Details	
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Status:	Association
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Planned Review Date:	May 2029
Regulatory Outcomes being achieved:	Scottish Social Housing Charter Outcome 4 Quality of Housing Housing (Scotland) Act 2010, Tenants' right to compensation for improvements
Tenant Consultation Required:	No
Equalities Impact Assessment	Initial
HRA Implications	Article 8 Right to Respect for Private Life, Family Life and the Home Article 14 Prohibition of Discrimination
Adherence with Association Values	This policy supports all the Association's values.

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Introduction	
1.1	This Policy sets out the Association's approach to compensation payable to tenants where major improvement works have been undertaken to their homes at their expense.
1.2	All such works will have been approved through the **PS13 Alteration & Improvements Policy** to qualify for consideration under the **PS16 Compensation for Improvements Policy.**
1.3	Improvement works will be prescribed as qualifying if it consists of the installation or replacement of a major item detailed in section 11 of this Policy.
1.4	The improvement for which compensation has been paid will become the property of Manor Estates.

2. Qualifying Persons & Conditions	
2.1	A person will be classed as qualifying providing they have carried out qualifying improvement works and • Are a Manor Estates tenant or joint tenant of a joint tenancy. • A successor tenant or spouse • The personal representative of a deceased tenant (other than successor).
2.2	Any qualifying alteration or improvement works carried out with the Association's permission shall qualify for compensation. Work must have been carried out in accordance with the detailed permission granted under **PS13 Alteration & Improvement Policy.**
2.3	The tenancy must be terminated to qualify for compensation. The tenancy shall not be treated as terminated unless the property concerned is vacated by the person claiming the compensation. • The successor tenant/assignee will only be eligible for compensation when their tenancy is terminated. • Transfer of tenancy either between spouses or from parent to son/daughter does not constitute an end of tenancy. However, in cases where a tenant terminates his/her tenancy and a new tenancy agreement is signed by a spouse or son/daughter, compensation shall be made and the rent for the new tenancy calculated. • In the event of a mutual exchange, both tenants should sign a new tenancy agreement, then compensation shall be made for the former tenant's improvement.
2.4	Compensation will not be payable in instances where the tenancy is terminated due to the following reasons: -

	• the Association has obtained a Decree for recovery of possession of the property on the grounds of the tenant's breach of Scottish Secure Tenancy conditions, clause 6.3. • the property is disposed of by means of stock transfer. • the property is disposed of by means of a transfer of engagements. • the property was purchased under the Scottish Governments Mortgage to Rent Scheme (any upgrade work would have been included in the valuation of the property). • subsequent upgrading works have been undertaken by the Association.

3. Joint Tenancy	
3.1	In the case of a joint tenancy, the joint tenants, each as Qualifying Persons, will agree on how they want the compensation paid, for example, equal shares, or all to one.
3.2	In the absence of a joint decision, or if a joint tenant cannot be located, compensation shall be payable to the tenant applying, subject to the above conditions. The missing joint tenant is entitled to recover a share of any compensation so paid from the other Qualifying Person.

4. Calculation of Compensation	
4.1	The amount of Compensation payable for a qualifying improvement shall be calculated, by Manor Estates based on the tenants' costs depreciated over the notional life of the improvement, using the following formula: C x (1 – y / n). C = where the cost of improvement work from which will be deducted the amount of any grants received by the tenant. n = notional life of the improvement, as defined in section 12 of this Policy. y = number of years starting on the date on which the improvement was completed and ending on the date the tenancy ends. Part of a year shall be counted as a whole year. **Calculation Example** - tenant installed central heating 9 years ago. - cost of improvement was £2000. - notional life of improvement was 12 years. **Calculation** C x (1- y / n) 2000 x (1 -9\12) = 2000 x (0.25)

	Compensation payable £500
4.2	Manor Estates may adjust the amount of offer, above or below that calculated, to reflect the following factors: a) If the cost of the improvement work is considered excessive for the standard of the work and quality of materials used. b) If the deterioration in quality of the improvement is greater than would be provided for in the notional life of the improvement. c) If the improvement is of a quality above that which the Association would expect to install. d) If the improvement has deteriorated at a rate lower than that provided for in the listed notional life.

5. Minimum & Maximum Values	
5.1	Compensation shall not be payable where the original cost of works were less than £100.
5.2	The maximum level of compensation per improvement will be £4,000.

6. Claims for Compensation	
6.1	All claims for compensation must be made in writing: - • within the period commencing 28 days before, and 21 days after, the tenancy coming to an end, and should contain sufficient information to enable Manor Estates to calculate the amount of compensation payable. • Manor Estates will respond to a claim for compensation within 28 days of the date of the claim.

7. Rights to Set Off	
7.1	The amount of any sums owed to Manor Estates, arrears on rent or outstanding rechargeable repairs, shall be deducted from any compensation due.

8. Review of Claims & Awards	
8.1	Any Qualifying Person, if aggrieved of the outcome of the compensatory award claim has the right to invoke the Association's Complaints Procedure.

9. Rent Increase

9.1	Where the works carried out has an impact on any of the components taken into account in Manor Estates Rent Setting Policy, the rent will be calculated accordingly, and the resulting rent will be charged to the new tenant.

10. Management Reporting & Review	
10.1	For each financial year, Manor Estates will hold information on: • the number of claims received • the types of qualifying improvement • the amount of compensation awarded • the number of disputes arising and the method of resolution • any operational experiences/difficulties
10.2	A summary report on the operation of the scheme will be reported to the SMT each year.
10.3	The Property Services team will review this information to assess whether any revisions are required to any element of the scheme.
10.4	This policy is due for review in 5 year cycle.

11. Qualifying Improvements		
	List of Qualifying Improvements	**Notional life in years**
11.1	1. Bathroom replacements / installations:	
	• fixed bath or shower	**12**
	• wash hand basin.	**12**
	• toilet facilities	**12**
	• built-in storage cupboards in bathrooms.	**10**
	• mechanical ventilation	**7**
	2. Kitchen unit replacements / installations:	
	• storage cupboards in the kitchen	**10**
	• kitchen sink (including base unit)	**10**
	• work surfaces for food preparation.	**10**
	• mechanical ventilation	**7**
	3. Heating replacements/installations:	
	• space or water heating	**12**
	• thermostat radiator valves	**7**
	4. Window replacements: • external windows, double glazing, or secondary glazing.	**20**

	• draught proofing	**8**
	5. External Door replacements: • draught proofing	**8**
	6. Electrical Installations: • Re-wiring, provision of additional power or lighting points, or other electrical fixtures including mains-operated smoke detectors.	**20**
	7. Energy Efficiency: • loft insulation. • Cavity wall insulation • Insulation of pipework, water tanks, or cylinders	**20** **20** **10**
	8. Security: • installation of security measures excluding burglar alarm system.	**15**
	9. Other • Sound insulation. • Conservatory	**20** **10**
	Issue 01 May 2024	

12. Linked Policies & Procedures	
12.1	PS 13 Alteration & Improvements Policy

13. Publicising this Policy	
13.1	The policy will be available on the Association's website and hard copies, alternative formats and languages can be made available on request.