



## **RIGHT TO COMPENSATION FOR IMPROVEMENTS POLICY (2022)**

### **1.0 THE RIGHT TO COMPENSATION**

Ochil View Housing Association encourages its tenants to make improvements to their home although permission to do so is subject to certain conditions. The Association's policy is advertised via the website and with the issue of the leaflet produced by the former Scottish Executive.

The Right to Compensation for improvements carried out is detailed in the Scottish Secure Tenants Compensation for Improvements (Scotland) Regulations 2002.

### **2.0 QUALIFYING CONDITIONS**

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

- ✓ The Association requires to be satisfied that any proposed improvements will meet 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, e.g. Gas Safe registered for gas installations;
- ✓ An unreasonable level of subsequent maintenance must not be incurred;
- ✓ The complete improvement work must not detract from the future letting of the property. The cost of any upgrading required to enable the association to relet the property should be deducted from the amount of compensation payable to the tenant.

Work carried out must accord with the work for which consent was given.

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

Compensation would not be paid to a successor where the successor remained in the property. However, a successor who vacated the property would be eligible to claim.

Any improvement must not be provided simply for cosmetic purposes.

For all approved improvements, the necessary building warrants and planning consents must have been obtained by the tenant. The work carried out must comply with the terms of these Approvals.

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

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

The Association may determine conditions to suit local circumstances or particular activities. For example, where a programme exists to install central heating, the Association may deem it inappropriate to approve the installation of central heating by a tenant.

Compensation will not be payable under the following circumstances;

- (a) where the compensation is less than £100;
- (b) where the tenancy ends because;
  - (i) An order for recovery of possession is made on any of the grounds specified in Part 1 of Schedule 2 of the Housing (Scotland) Act 2001.
  - (ii) the house is disposed of under Section 14 of the 1987 Act
  - (iii) the house is disposed of under Section 65 of the 2001 Act
  - (iv) the right to buy under part 2 of the 2001 Act has been exercised or
  - (v) The tenant has been granted a new tenancy whether alone or jointly, of the same, or substantially the same house by the same landlord.

### **3.0 QUALIFYING IMPROVEMENT WORK**

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

In recognition of the Association's commitment to encourage environmentally sustainable practices, the Association will also consider products, such as those approved by the Energy Savings Trust or other recognised body, which generate renewable electricity as qualifying improvement work.

Compensation will be payable on the cost of the improvement, including labour and materials but excluding removable appliances and decoration. Labour costs will not be paid to tenants who have installed the improvements using their own labour.

### **4.0 AMOUNT OF COMPENSATION**

The compensation will be calculated on the tenant's cost depreciated over the improvement's notional life as defined at **Appendix 1**. There will be a straight line depreciation calculation over the period of the notional life of the improvement. The sum deducted from the costs will be for completed years of the notional life; part of years would be disregarded. The formula for calculating compensation will be is attached at **Appendix 2**.

The Association may make adjustments after the calculation by making an offer of compensation above or below the cost minus depreciation to reflect the following factors:

- a) If the cost of the improvement work is excessive;
- b) If the deterioration in quality of the improvement is greater than that provided for in the notional life of that improvement;
- c) If the improvement work is not of as high a quality as if it had been carried out by the Association;
- d) If the improvement is considered to be of a quality significantly above that which the association would expect to install.

In the case of sub-paragraphs a), b) and c) above, the association may deduct from, and in the case of sub-paragraph d) above add to, the amount of compensation calculated such sum as is considered reasonable to take account of these factors.

In cases where a tenant installs a measure that does not have a notional life defined within those listed in **Appendix 1** but where the Association is willing to consider compensation (e.g. energy measures) then the Association will make an estimate on the measures notional life based on product information available from the tenant or from other available sources.

The amount of compensation payable will not exceed £4,000 per improvement.

## **5.0 CLAIMS FOR COMPENSATION**

Claims for compensation shall adhere to the following:

- ✓ The claimant shall provide the name and address and what improvements have been made;
- ✓ The cost of each improvement made and the dates on which each improvement was started and finished;
- ✓ Claims for compensation shall be made in writing within the period starting 28 days before and ending 21 days after the tenancy comes to an end;
- ✓ It is the responsibility of the tenant to provide details to the Association;
- ✓ The Association will respond to the claimant within 28 days of the claim.

The Association may also take the opportunity to inspect any improvement work.

## **6.0 REVIEW PROCEDURES**

Where the tenant is aggrieved by any decision of the Association concerning any question arising under the Regulations he/she may within 28 days of being notified of that decision require it to be reviewed or reconsidered.

Where a review or reconsideration is required the decision;

- (a) Shall be reviewed by a valuer or surveyor who took no part in making the decision, appointed for the purpose by the Association; or

(b) Shall be reviewed by any of the Association's Board Members who took no part in making the decision; or

(c) Shall be reconsidered by all the Association's Board Members.

The tenant may make written representations to and, accompanied by any representative of his/her choice, oral representations before the person or persons undertaking the review or reconsideration.

The tenant or the Association may appeal to the Sheriff against any decision taken on a review or reconsideration.

In all cases of review the Association will aim to resolve this within the timescales set out within its Complaints Handling Procedure.

## **7.0 POLICY REVIEW**

This policy will be subject to review at least every 5 years.

Andrew Gibb  
Property Services Manager

**July 2022**

### Policy Consultation and Review Process

Reviewed by the Senior Management Team	<b>22<sup>nd</sup> July 2022</b>
Recommended by Customer Services Committee	<b>4<sup>th</sup> August 2022</b>
<b>APPROVED BY BOARD OF MANAGEMENT</b>	<b>25<sup>th</sup> August 2022</b>
<b>Date of Next Review</b>	<b>August 2027</b>

## QUALIFYING IMPROVEMENT WORK AND NOTIONAL LIFE

Column 1 (Item)	Column 2 (Notional Life in Years)
1. Bath or shower	12
2. Cavity wall insulation	20
3. Sound insulation	20
4. Double glazing or other external window replacement or secondary glazing	20
5. Draught proofing of external doors or windows	8
6. Insulation of pipes, water tank or cylinder	10
7. Installation of mechanical ventilation in bathrooms and kitchens	7
8. Kitchen sink	10
9. Loft insulation	20
10. Rewiring and the provision of power and lighting or other electrical fixtures including smoke detectors	20
11. Security measures other than burglar alarm systems	15
12. Space or water heating	12
13. Storage cupboards in bathroom or kitchen	10
14. Thermostatic radiator valves	7
15. Wash hand basin	12
16. Water closet	12
17. Work surfaces for food preparation	10

**FORMULA FOR CALCULATING COMPENSATION**

$$\text{Compensation} = C \times (1 - y/n)$$

Where:

C = cost of improvement work from which should be deducted the amount of any grant made;

- (i) under Part 8 of the 1987 Act and
- (ii) under the Home Energy Efficiency Scheme Regulations 1997

n= notional life of the improvement (Column 2 Appendix 1)

y = number of years starting on the date on which the improvement was completed and ending on the date on which the tenancy ends and for the purpose of this calculation part of a year shall be counted as a year.

Example

- Tenant installs loft insulation 10 years ago
- Cost of improvement work was £800
- Notional life of improvement is 20 years

Calculation:

$$\begin{aligned} & C \times (1-y/n) \\ & 800 \times (1 - 10/20) \\ & 800 \times (0.5) \\ & \text{Compensation payable: } \pounds 400 \end{aligned}$$