

Compensation Policy

1.0 Introduction

This policy aims to ensure One Manchester complies with all statutory and regulatory compensation obligations and provides an accountable and fair system. It will compensate tenants who have experienced a direct loss or suffered significant inconvenience as a result of an action or a failure to act by the Group or a contractor acting on our behalf.

2.0 Purpose

The objective of this policy is to ensure that whilst the Group aims to deliver high service standards, we have a process in place that recognises the inconvenience caused to tenants when the service drops below those standards. Such inconvenience can be recompensed by a system of fair and equitable payments within predefined guidelines whilst endeavouring to keep the costs of running a compensation scheme to a minimum. We will ensure value for money in applying the most cost effective outcome for both tenants and One Manchester.

3.0 Scope

This policy sets out circumstances in which compensation payments to tenants may be made. The term 'tenant' includes all those who occupy a One Manchester property by way of a social housing tenancy agreement. In exceptional circumstances, it may be appropriate to make a compensation payment to members of the public with whom the Group has no contractual relationship.

4.0 The Policy

The guiding principles in our approach to considering compensation payments:

- **Criteria:** claims will be considered if they relate to either of the following circumstances:
 - where the stated standards are not met for services for which One Manchester or a contractor acting on our behalf bears direct responsibility
 - where action or failure to take action by One Manchester employees causes inconvenience, damage, injury or disruption – this would include compensation beyond the limits of insurance cover
- **Claims:** a compensation form must be submitted by the complainant, providing details of the claim and any losses incurred. It is the tenant's responsibility to provide necessary evidence to support any claim.
- **Payment:** all payments will be accompanied by a letter noted 'without prejudice' informing the tenant that it is in full and final settlement of their claim, and that acceptance of the money demonstrates their acceptance that the claim has been settled. Calculation of amounts due, if not determined by statute, will be based on a fair assessment of the costs incurred. One Manchester reserves the right to clear any debts owed by the tenant, including rent arrears, from any proposed payment. Following the offset any balance will be paid direct to the tenant. In all cases cash payments are not made.
- **Statutory compensation:** home loss and disturbance payments will be made in line with statutory requirements. We will also comply with any statutory obligation to pay compensation relating to the Right to Repair.
- **Loss of room use:** when the failure to carry out repairs results in the loss or severe limitation of use of rooms or services for unreasonable periods, compensation may be paid as detailed in the table below. Compensation for the loss of a room or facility only applies when a tenant has not been temporarily or permanently decanted by us. The following calculations will be used when there has been a loss of rooms or facilities due to maintenance or repair:

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| Rooms/services lost | Compensation due |
|---|------------------|
| Living room (after 10 working days) | 20% weekly rent |
| Bedroom (only if used & after 10 working days) | 20% weekly rent |
| Kitchen (after 72 hours) | 20% weekly rent |
| Bathroom (after 72 hours) | 20% weekly rent |
| No sanitary provision at all (after 24 hours) | 100% weekly rent |
| Total loss of cold water supply (after 72 hours) | 100% weekly rent |
| Total loss of electricity supply (after 72 hours) | 100% weekly rent |

We will not pay compensation if:

- Tenants are responsible for the loss or delay of a service
 - The loss or delay is the responsibility of another service provider
 - There is ongoing legal action about the same issue
 - We have acted appropriately to solve the problem but external factors beyond our control have meant that we are unable to – for example extreme weather conditions
 - Compensation is requested by a sub-tenant
 - Tenants request a reimbursement for loss of earnings
- **Compensation for improvements:** tenants may be entitled to claim compensation for certain improvements they have made to their home at the end of their tenancy. Claims must be submitted at least 28 days before the tenancy ends. To claim compensation tenants must have fully complied with the following conditions:
 - Obtained three quotes for the improvement and One Manchester agreed with the price and choice of contractor/s (if applicable)
 - Our written permission was requested and obtained
 - All building regulations and planning permission consents were obtained (if applicable) and fully complied with
 - The improvement was post inspected by us and was to an acceptable standard

The amount of compensation will depend on the cost of the improvement and the quality, condition and age of the improvement. Tenants can claim compensation for the cost of materials and employed labour but not for removable appliances, decoration or their own labour. The amount payable will be to a maximum of £3,000 for any one improvement but claims cannot be submitted for improvements that are £100 or less in value. The amount of compensation payable is calculated taking into account depreciation of the improvement using the formula $C \times (1 - Y/N)$ where:

C = cost of improvement work minus any grant or other funding

N = notional life of the improvement

Y = number of years starting on the date on which the improvement was completed and ending on the tenancy end date (part of a year shall be counted as a year)

Improvements that can be claimed for and their notional lives are:

| Type of improvement | Improvement must be no older than: |
|------------------------|------------------------------------|
| Install bath or shower | 12 years |
| Install wash basin | 12 years |
| Install wc | 12 years |

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|--|----------|
| Fit kitchen sink | 10 years |
| Fit kitchen units | 10 years |
| Fit work surfaces for food preparation | 10 years |
| Install space or water heating | 12 years |
| Fit thermostatic radiator valves | 7 years |
| Insulation of pipes, water tank or cylinder | 10 years |
| Loft or cavity wall insulation | 20 years |
| Draft proofing of external doors and windows | 8 years |
| Double glazing or other external window replacement or secondary glazing | 20 years |
| Rewiring or the provision of power and lighting or other electrical fittings (including smoke detectors) | 15 years |
| Any object which improves security of the property but excluding burglar alarms | 10 years |

One Manchester may make adjustments after the calculation by making an offer above or below the cost minus depreciation to reflect certain factors including if the deterioration in the quality of the improvement is greater than provided for in its notional life or if the quality is considered to be significantly high. In cases where a tenant installs a measure that does not have a notional life defined above we may be willing to consider compensation and will make an estimate of its notional life based on any product information available at that time.

Compensation will not be paid if the tenancy is ended as a result of possession proceedings (commenced or order granted); if the property is abandoned; if there was an ongoing breach of tenancy at tenancy end; succession or the tenancy ends as a result of right to buy or acquire. Vacant possession must be provided before any compensation is paid.

- Discretionary compensation:** it is important that tenants are compensated fairly where we have failed to deliver to the standards expected and that we spend our funds appropriately. If we are clearly responsible for a service failure we can make a discretionary payment up to £250. This includes cases of inconvenience, hardship, distress or a 'making good' payment. These payments are made subject to supporting evidence such as a receipt. Any award will take into account wear and tear and compensation will not be paid on a new for old basis. In some cases it might be appropriate to offer higher levels of compensation but such decisions must be approved by a Head of Service or Director.
- Goodwill gestures:** managers are empowered to make discretionary goodwill gestures such as a bunch of flowers or a small payment in recognition of special hardship where we are not at fault. Payments in these circumstances are not an admission of liability but are designed to restore good relations – even if compensation is not being claimed. The value should be no more than £30 and must be approved by the relevant Head of Service.
- Ombudsman determinations:** One Manchester will fully comply with any Ombudsman determination to pay compensation for maladministration.
- Refused claims:** no compensation will be paid in cases where loss or damage is the result of misuse or neglect by tenants or their visitors. Claims will also be rejected that relate to fire, flood or other accidents outside of One Manchester's control. One Manchester is not responsible for

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the insurance of tenant's contents or personal belongings including bikes, cars or other vehicles parked on One Manchester land and tenants are expected to have all relevant personal insurance cover in place. We will not pay compensation for damage or loss of items/property that would ordinarily be covered by a tenant's own policy even if that policy is not in place. The Group supports and promotes an affordable household contents insurance scheme.

- **One Manchester insurance:** we have comprehensive insurance in place for all our properties and also public liability insurance. Any claim against either of these policies will be forwarded to our insurer by staff who will not accept liability.
- **Complaints:** compensation will be considered as part of any complaints investigation in which it is found that either a) specific financial losses have been incurred or that b) a tenant has had to live in poor conditions for longer than is reasonable due to the failure of One Manchester.
- **Appeal:** tenants whose compensation claims are refused have the right to appeal. The appeal will be considered by a Director whose decision is then final.

5.0 Method and approach

This policy should be read in conjunction with the compensation form and associated guidance notes.

6.0 Equality

One Manchester will ensure that this policy is applied fairly to all our tenants. We will not directly or indirectly discriminate against any person or group of people because of their race, religion, gender, marital status, sexual orientation, disability or other grounds set out in our Equality, Diversity and Inclusion Policy. Decisions to offer/refuse discretionary compensation will be based on facts alone and will be approved by a manager or Head of Service not directly involved in the claim or complaint.

An Equality Impact Assessment has been carried out on this policy.

7.0 Responsibility

The Executive Management Team is responsible for ensuring that One Manchester's approach to compensation is appropriate and that any trends are acted upon.

Heads of Service will be responsible for the implementation of this policy.

8.0 Monitoring, review and evaluation

Performance relating to this policy will detail compensation payments for each service area and the associated service improvements to prevent repeat failures. This will be reported annually to Audit and Risk Committee.

The policy will be reviewed every three years but the frequency may be amended depending on changes to associated policies such as the complaints policy.

9.0 Legislation

Equality Act 2010

Landlord and Tenant Act 1985

Data Protection Act 2018/General Data Protection Regulations 2016

Tenant Involvement and Empowerment Standard

Home Standard

10.0 Associated Policies

Complaints Policy
Equality, Diversity and Inclusion Policy
Repairs Policy

APPROVED