



POLICY ON COMPENSATION FOR IMPROVEMENTS

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1. Qualifying Improvement Work

Improvement work is prescribed as Qualifying if it consists of the installation or replacement of an item specified in Column 1 of the Schedule attached at Appendix 1.

The improvement for which compensation is made will become the property of the Association except in the event of subsequent sale.

2. Qualifying Persons

A person is classed as qualifying providing they are classed as a tenant under the Scottish Secure Tenancy, they have carried out Qualifying Improvement Work, and :

- Are tenant or joint tenant of a joint tenancy
- A successor tenant, or spouse

or are:

- The personal representative of a deceased tenant (other than a successor).

3. Qualifying Conditions

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.

The tenancy must be terminated to qualify for compensation. The tenancy shall not be treated as terminated unless the house concerned is vacated by the person claiming the compensation.

- The successor tenant will only be eligible for compensation when their tenancy is terminated.
- The 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 missive 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 missive, then compensation shall be made for the former tenant's improvement.

Compensation shall **not** be payable in instances where the tenancy is terminated because :

- the Association has obtained a Decree for recovery of possession of the house on the grounds of the tenant's breach of Scottish Secure Tenancy conditions, clause 6.3.
- the house is disposed of by means of stock transfer
- the house is disposed of by means of a transfer of engagements
- the house has been purchased under the Right to Buy scheme.

4. Joint Tenancy

In the case of a joint tenancy, the joint tenants, each as Qualifying Persons, will agree how they want the compensation paid, for example equal shares, or all to one.

In the absence of a joint decision, or if 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.

5. Calculation of Compensation

The amount of Compensation payable for a qualifying improvement shall be calculated, by the Association, on the basis of the tenants' costs depreciated over the notional life of the improvement, using the formula :

$$C \times (1 - y / n) \quad \text{where}$$

C = 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 Appendix 1.

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.

Refer to calculation example, Appendix 2.

The Association may adjust the amount of offer, above or below that calculated, to reflect the following factors:

- If the cost of the improvement work is considered excessive for the standard of the work and quality of materials used;
- 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 considered to be 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.

6. Maximum and Minimum Values

Compensation shall not be payable where the total calculated compensation is less than £100.

Compensation shall not be payable over the level of £4000 per improvement.

7. Claims for Compensation

Claims for compensation shall 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 the Association to calculate the amount of compensation payable.

The Association shall respond to a claim for compensation within 28 days of the date of the claim.

8. Right to Set Off

The amount of any sums owed to the Association, such as, arrears on rent or on outstanding rechargeable repairs, shall be deducted from any compensation due.

9. Discretionary Payments

The Association has the power to award a discretionary payment, even if the tenant or improvement does not qualify. Any such cases will be reported to the Director, with detailed reasons, for approval.

10. Review of Claims and Awards

If aggrieved of the outcome of the Claim, the Qualifying Person may apply to have the outcome reviewed, with written or oral representation, by :

- an independent Surveyor or Valuer, appointed by the Association,
- the Associations members or committee members, provided they took no part in the original decision

The Qualifying Person, or the Association may appeal to the Sheriff, against the review outcome.

11. Rent Increase

The Association reserves the right to apply an increased rent to the incoming tenant. Rent will be calculated in line with the Association's Rent Setting Policy.

12. Monitoring the Scheme

For each year, the Association 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 method of resolution
- any operational experiences / difficulties

and will review this information to assess whether any revisions are required to any element of the scheme.

A summary report on the operation of the scheme will be presented to the Management Committee each year.

POLICY ON COMPENSATION FOR IMPROVEMENTS

Appendix 1

LIST OF QUALIFYING IMPROVEMENTS

| Item | Notional life in years |
|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| 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 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 | 20 |
| - cavity wall insulation | 20 |
| - insulation of pipe-work, water tanks or cylinders | 10 |
| 8. Security : | |
| - installation of security measures excluding burglar alarm systems | 15 |
| 9. Other | |
| - Sound insulation | 20 |

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Appendix 2

Calculation Example

- tenant installed central heating 9 years ago
- cost of improvement was £2000
- notional life of improvement was 12 years

Calculation

$$C \times (1 - y/n)$$

$$2000 \times (1 - 9/12) \quad 2000 \times (0.25)$$

Compensation payable

£500