WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES BY DEPUTY M. TADIER OF ST. BRELADE ANSWER TO BE TABLED ON TUESDAY 16th APRIL 2013

Question

What housing projects were completed under the fiscal stimulus funding?

Will the proposed new Housing Company be required to pay back fiscal stimulus monies provided for stimulating the construction industry and, if so, why and how many other fiscal stimulus projects require payback?

Can the Minister confirm that there is significant risk to the outcome of the Housing Transformation Programme, in particular, the inability to borrow or significant changes in RPI over the 20 year period?

What would the return be to the Treasury if the Trusts were required to return their share of the income they receive via Income Support?

Answer

What housing projects were completed under the fiscal stimulus funding?

A number of housing capital projects have received fiscal stimulus funding since 2010 and the status of which is set out below:-

	Year	£000	Status
Projects that were originally allocated as part of the £44 million fiscal stimulus programme.			
Le Squez, Phase 2a	2010	8,138	Complete
Pomme d'Or Farm	2011	3,250	Completion due - May 13
		11,388	

Projects totalling £27.1 million approved by the States in P.40/2012.

La Collette – High Rise	2012	Ongoing
Le Squez – Phase 2c	2012	Ongoing
2-4 Journeaux Street	2012	Ongoing
Lesquende – Phase 1	2012	Ongoing
Osborne Court	2012	Ongoing

Purchase - Life Long Homes	2012		Ongoing
Funding per P.40/2012		27,100	
Total Funding provided		**38,488**	

In addition to the above projects the Parish of Trinity has been supported by a £6 million infrastructure investment.

Will the proposed new Housing Company be required to pay back fiscal stimulus monies provided for stimulating the construction industry and, if so, why and how many other fiscal stimulus projects require payback?

It is proposed that the new Housing Company will take on the commitment of the Housing Department to repay the sums received. This requirement to repay was known when the funding was approved. Indeed the funds were specifically sought on a loan basis.

The requirement arises from the States decision under P.6/2007 - the Social Housing Property Plan. This agreed that Housing would no longer receive an annual capital allocation to undertake refurbishment and new build projects, but would fund such schemes from sales of existing housing stock. However, the adverse general economic conditions and difficulties in obtaining mortgage finance during the intervening period mean sales have been limited.

The stimulus funding of £38.4 million has therefore enabled schemes to commence that would otherwise have had to wait until the full costs of the schemes had been met by sales.

When the first funds were approved in 2010, Treasury and Housing had agreed to work together to identify alternative means of repayment through a re-financing of the fiscal stimulus "loan. As a result of this work it is proposed to replace the short term stimulus loans with a £40 million longer term loan, from the Currency Notes and Coins Investment Fund. This would be made to the new Housing Company upon its establishment. Details of this are contained in R.15/2013, "States of Jersey Housing Transformation Programme: Full Business Case".

There were no other fiscal schemes where funding was advanced on a loan basis and therefore requiring repayment.

Can the Minister confirm that there is significant risk to the outcome of the Housing Transformation Programme, in particular, the inability to borrow or significant changes in RPI over the 20 year period?

The Minister does not believe that there is a significant risk to the outcome of the Housing Transformation Programme particularly related to the inability to borrow or significant changes in RPI over the 20 year period. Housing have undertaken a detailed and robust process to produce R.15/2013, "States of Jersey Housing Transformation Programme: Full Business Case" which has been subject to external review and validation.

Included in the Full Business Case are detailed assessments of the risks associated with the Programme. e.g. Sections 5.5 to 5.9 deal with the Risks associated with the Financial Case. This identifies a range of risks and includes sensitivity analyses and makes an assessment for each risk. Both the borrowing and RPI issues are included in these sections.

In addition Section 6.5 sets out the Risk Management process that has been put in place to manage all significant and material risks to the effective delivery of the Housing Transformation Programme.

The Treasury is currently considering a number of financing options for the capital programme.

What would the return be to the Treasury if the Trusts were required to return their share of the income they receive via Income Support?

It is not clear what is meant by a return to the Treasury from the Trusts for income they receive via Income Support. The Social Security Department report, "Income Support 2011" identifies that there was a total of £7,522,000 paid in Income Support to Housing Trust rental tenants, of which £3,101,000 was paid in respect of the Accommodation element.

If the intention is to draw a comparison with the Annual Return to Treasury from the Housing Department then this would be incorrect. The Annual Return made by the Housing Department is based on the ending of the Rent Abatement and Rebate Schemes on the introduction of the Income Support System. This resulted in the rental income received by the Housing Department exceeding its expenditure and an annual surplus was created. The Annual Return is the mechanism whereby this surplus is returned to the Treasury, where it is amalgamated with other income to make up the total Income Support budget.