

2.8 Senator B.E. Shenton of the Assistant Minister for Housing regarding adequate regulation of Housing Trusts in Jersey:

Is the Assistant Minister satisfied that adequate regulation of housing trusts in Jersey exists?

Deputy S. Power of St. Brelade (Assistant Minister for Housing):

The simple answer is no. Neither the Minister, the Assistant Minister nor the department are happy or satisfied that adequate regulation of housing trusts exists. Having made that bald statement, I can inform the Senator and the Assembly that the review of all social rented housing on the Island, including the trusts, has recently been completed by Professor Christine Whitehead who holds the chair of Professor of Housing Economics at London School of Economics and Professor of Housing and Planning Research at Cambridge. Her report confirms that existing arrangements are not adequate and gives options as to appropriate new regulations for all housing providers and how it can be achieved. To summarise, the department will be issuing a Green Paper very shortly on this report by Professor Whitehead - a copy of which I have here - and we will be releasing early copies to Senator Breckon's Health, Social Security and Housing Panel and my own sub-panel, and to the Public Accounts Committee.

2.8.1 Senator B.E. Shenton:

Does the Assistant Minister further agree that some of the practices undertaken by housing trusts in Jersey in respect of conflicts of interest would not be acceptable in the U.K., if not illegal, and is he concerned that the Treasury would have been willing over the years to pass millions of pounds of taxpayers' money to organisations that are largely unregulated?

Deputy S. Power:

The Housing Department has no regulatory function with regard to the trusts. When the trusts were set up under an old Trust Law of 1846, it gave the Housing Department no form of regulation. I do agree with the Senator that there are some practices which appear to be inappropriate and which would not be allowed to be carried out within the U.K., but again I have to state this morning that the Housing Department has no function with regard to the control of trusts and it really would be inappropriate for me to comment any further.

2.8.2 Deputy J.A. Martin of St. Helier:

At last the penny has dropped. This was a warning many, many years ago that the 1846 Trust Law was totally inadequate. Would the Assistant Minister at least admit that the housing trusts that are already operating and who have, as the Senator has just said, received millions and millions of pounds of subsidy, have lost the opportunity... they will not be able to bring them under regulation? They are now too big and they own too much property and there will be nothing the Housing Department can do retrospectively. It will be only new small trusts, and they are acting much too late.

Deputy S. Power:

Both Deputy Martin and Senator Shenton have alluded to the fact that the trusts have received millions of pounds from the States. This Assembly has approved a number of major approvals to the trusts between 1993 and up to 3 years ago, so they have received millions of pounds. I disagree with Deputy Martin when she says that it has

gone beyond the pale and the trusts cannot be regulated. I do believe that regulation of the trusts can take place. I do believe that the manner in which the trusts were set up is inappropriate. Mistakes were made by previous Assemblies and it has been a constant bedevilment of the Housing Department over the past few years that they have not been able to control these trusts. But I do believe that the future structure of the Housing Department - whether it is a Jersey Housing Authority or a Jersey Housing Commission - that that umbrella organisation will regulate the Housing Department, the housing trusts and the private sector.

2.8.3 Deputy J.A.N. Le Fondré of St. Lawrence:

There has been quite a lot of heat in the housing trusts and I would like to pick up on a comment that the Assistant Minister is quoted in the *Jersey Evening Post* as saying. He may wish to clarify it. He says that the Housing Department has absolutely no control over the trusts. In the light of those comments, could he confirm - there are 4 items - one, that there are agreements between the trusts and departments and they have been in place for quite a considerable amount of time? For example, I am acutely aware of one that is dated 31st August 2001 which covers maximum rents, nomination rights, liquid assets, *et cetera*. Could he also confirm the discussions with trusts have been going on since 2000 regarding regulation and that trusts - at least reputable ones - would welcome regulation to clarify matters? Could he look into the proposal by a trust that related party transactions within a trust should be capped, for example, at a percentage of turnover, and 2 per cent was the figure? Again, that is down in 2000 and 2003 and perhaps he could identify why that was not picked up on by the department at the time. In the light of that lot ...

The Greffier of the States (in the Chair):

It is turning into a speech, Deputy.

Deputy J.A.N. Le Fondré:

... that is, actual clarification given the heat of the matter, would the Assistant Minister undertake to work with the trust to provide an appropriate level of regulation?

Deputy R.G. Le Hérisier:

Can Deputy Le Fondré declare an interest?

The Greffier of the States (in the Chair):

He did, Deputy.

Deputy S. Power:

I really think it is inappropriate to go into substantive detail in Deputy Le Fondré's questions, but I am very happy to come back to you with a written response. Can I say that the manner and the structure under which all trusts operate is different and that is a problem. There are trusts which operate absolutely correctly and there may be other trusts which operate not so correctly. My comments in the *Jersey Evening Post* on Saturday were not accurate and I make that clear. I did not say some of the things that I am purported to have said. I can assure the Deputy that in part of the Whitehead review it does deal with a new appropriate regulatory structure for the trusts and it also deals with the future role of the housing trusts and a new legislative framework is necessary for that. Whether we copy the U.K. model or whether we take our own model I do not know, but it is going to be changed.

2.8.4 Deputy D.J. De Sousa:

Bearing in mind the Assistant Minister's answer to Deputy Martin's question, will he or will he implore his Minister to bring a proposition to the House to bring regulations to the trusts?

Deputy S. Power:

Yes, I have already referred to the fact that there will be a Green Paper published in the summer relating to a proposed structure which would bring in new controls and new regulations on the trusts. Subject to discussion and consultation, that will then become a proposition and that will be happening as a matter of absolute priority. As I said in the earlier part of my opening remarks, the Minister, the Assistant Minister and the department are not happy with this structure that currently exists.

2.8.5 Senator S.C. Ferguson:

There is at least one housing trust which publishes its accounts. In the interests of transparency, will the Assistant Minister look into the concept of ensuring that all housing trust accounts are published preferably in the form of a report to the States?

Deputy S. Power:

Again, part of the Green Paper for consultation within the Assembly this summer and autumn will be a proposal that includes that, that the housing trusts will have to publish their accounts and, indeed, any connection between directors of trusts and property maintenance companies will also have to be included in that.

2.8.6 Senator B.E. Shenton:

Does the Assistant Minister think it is correct for sitting politicians to sit on the boards of housing trusts?

Deputy S. Power:

I think it is inappropriate for me to comment on the role of existing States Members sitting on trusts. It is for them to decide.