

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 17th JANUARY 2017**

Question

Given that 'Jersey Household Income Distribution 2014/15' revealed income inequality had increased since 2009/10, what measures, if any, has the Chief Minister and his Department actively pursued to mitigate the increase? In particular, and further to answers provided to oral question 9076 on 17th November 2015, will he inform members what data, if any, has been collected on the impact the policy of 90% rents in social housing has had on such inequality?

Will he further advise why, given their use as measures of income inequality, the 90-10 income ratio, the 90-10 income shares ratio and the Gini coefficient are not included as significant measurable progress indicators in the 'Shaping our Future' policy?

Answer

The Income Distribution Survey analyses income before and after housing costs, and reflects the economic situation during a period of global financial crisis. In recent years, Jersey has, however, shown an improved economic performance, with participation in the workforce having increased considerably, unemployment at a record 6 year low, and earnings growth above inflation.

This is a reflection of the policies being followed by the Council of Ministers - supporting our economy to grow and continuing to focus on the 'back to work' programme - so that we help people into work, and help them to earn more.

At the same time, more needs to be done to improve the position of people across our society, especially the most disadvantaged, which is why the following is critical:

- Prioritising education and focusing on providing children with the best start in life to improve outcomes, for example, the pupil premium will support children with the highest needs.
- Investment in health and social services to improve people's health and well-being, including their mental and physical health.
- Continuing investment in infrastructure, including improving the people's standard of housing, for example - incorporating higher insulation standards to reduce tenant's heating costs; forthcoming legislation to improve private rental standards; and absolutely necessary investment in refurbishing our social housing to meet decent homes standards.

The 90% rent policy is a critical component of the Island being able to afford this additional investment in social housing. However, its introduction is a gradual process; at present 27.5% of Andium Homes' tenants pay 90% rent and the average rent is 77% of market rent. It therefore remains too early to assess the full impact – and instead, the progression of the policy continues to be monitored.

At the same time, low income households are protected from rent increases when they move on to the 90% rents policy through Income Support, as the accommodation component has been adjusted upwards to reflect social housing rents.

These critical issues of standard of living, income, and income equality, are important matters for inclusion in the Long Term Plan. The Plan will mirror international best practise by identifying 'headline' Island Indicators suitable for Jersey, aligned to economic, social and environmental outcomes, and inclusive of

appropriate measures for income and equality. Experience elsewhere has shown the value of choosing a small number of these headline indicators, and no performance indicator should ever be interpreted in isolation. They ‘indicate’, they do not explain. Understanding what trends mean and why they are emerging is key if the indicators are to inform strategy and policy development. That is why each Island Indicator must be supported by a range of other performance information, in order to understand the ‘story behind the baseline’.

This is why the suite of indicators outlined in the Long Term Plan related to affordable living in Jersey includes disposable income, relative low income, housing affordability, households in rental stress, and a perception indicator about how households are coping financially. Other indicators in the framework include unemployment and average earnings. Many indicators in the framework can also be interrogated in more detail through the lens of different income groups, pensioners or children.

All these indicators have been selected in discussion with the independent Chief Statistician and all mirror examples used in other places. They naturally lead to supporting evidence such as the 90-10 income ratio, the 90-10 income shares ratio and the Gini coefficient. These remain an integral part of the evidence base. It would be wrong to think otherwise.