

STATES OF JERSEY

Health, Social Security and Housing Scrutiny Panel Housing Transformation Programme

MONDAY, 2nd JULY 2012

Panel:

Deputy K.L. Moore of St. Peter (Chairman)
Deputy J.G. Reed of St. Ouen
Senator A. Breckon

Witnesses:

The Minister for Social Security
Chief Officer
Policy and Strategy Director

Also present:

Mr. S. Partridge (Panel Adviser)
Ms. F. Scott (Scrutiny Officer)

[12:30]

Deputy K.L. Moore of St. Peter (Chairman):

Thank you very much for joining the Health, Social Security and Housing sub-panel's review looking at the Housing Transformation Programme. I have to draw everyone's attention to the code of behaviour for members of the public as displayed on the wall and, in particular, the following points to be noted, that all electronic devices, including mobile phones, should be switched to silent and the taking of visual images or audio recordings by the public will not be permitted and if you wish to eat or drink, please leave the room. Finally, I ask the members of the public to not interfere in proceedings and as soon as the hearing is closed, please if you would leave quietly. Members and witnesses may wish to make themselves available afterwards but any communication should take place outside the building. For the sake of the witnesses, could we all confirm our names and titles, please? So I will start. I am Deputy Moore, the Chairman of the sub-panel.

Deputy J.G. Reed of St. Ouen:

Deputy James Reed, panel member.

Ms. F. Scott (Scrutiny Officer):

Fiona Scott, Scrutiny Officer.

Policy and Strategy Director:

Sue Duhamel, Policy Director, Social Security Department.

The Minister for Social Security:

Senator Francis Le Gresley, Minister for Social Security.

Chief Officer:

Richard Bell, Chief Officer of Social Security.

Mr. S. Partridge:

I am Steve Partridge from the Chartered Institute of Housing.

Senator A. Breckon:

Alan Breckon, member of the sub-panel.

The Deputy of St. Peter:

Thank you very much. So, Minister, we will start. In 2009, a report was published by Christine Whitehead which stated that 64 per cent of people in social housing received income support. We wondered if that proportion has changed and what the proportion is today?

The Minister for Social Security:

Are we trying to divide that between private sector and public sector?

The Deputy of St. Peter:

If you have any division, that would be interesting to know but we are talking about social housing as in provided by the States but if you have any further figures that would be very useful.

The Minister for Social Security:

The only figure I can give you is that we have got about 19 per cent, just under 20 per cent, of our private sector tenants who are on income support. That represents 19.5 per cent of the private sector rental accommodation. There is a query around that figure though because some of our income support recipients will be in non-qualified accommodation because they are between 5 and 10 years so the figure may be a bit lower than that. I do not know the figures for social housing on income support.

Policy and Strategy Director:

I think we can say that the figures have not changed probably since 2009 but we will be publishing some income support statistics within the next month or so, which will clarify that position exactly.

The Deputy of St. Peter:

Thank you, right. How do you collate that information?

Policy and Strategy Director:

Income support ... the application process includes details as to the landlord so we do now. With current information, we can distinguish between tenants of the Housing Department, housing trusts, parishes and then the private sector. That is the level of detail we have got available at the minute.

The Deputy of St. Peter:

With what regularity do you look through those statistics and provide a picture of your tenants?

Policy and Strategy Director:

The Minister has made it very clear he wants an annual report published so the first one will be this year. In terms of individual claims, obviously when the

claimant moves, accommodation is a large part of the income support claim, so that is always checked. We always check leases and so we would update the information on individual person as each one is brought up for review or they move their accommodation.

The Deputy of St. Ouen:

You say that a report will be published. Can you just remind us exactly what will be contained in that report? What will be the focus?

The Minister for Social Security:

The report will give a full breakdown of the components that we paid out in total on income support in 2011 with appropriate detail alongside each statistic, if you like, in graphs and tables so that the public will be able to recognise where the £90 million whatever was spent last year, how it was spent on income support, and on which components.

The Deputy of St. Ouen:

It will not just include the housing component, it will include all ...

The Minister for Social Security:

All components, yes.

The Deputy of St. Ouen:

All; thank you.

The Minister for Social Security:

The makeup of the total bill, if you like, yes.

The Deputy of St. Ouen:

You say you will be publishing statistics. What form will those take?

Policy and Strategy Director:

It will be in the annual report.

The Deputy of St. Ouen:

So the statistics will be included in the annual report?

The Minister for Social Security:

Yes.

The Deputy of St. Ouen:

When do you expect that to be published?

The Minister for Social Security:

Hopefully July. It is in an advanced stage so it should be ready by July hopefully.

The Deputy of St. Ouen:

We are in July, Minister. Are you talking about ...?

The Minister for Social Security:

Oh, we are, we have turned the corner, sorry. End of July.

The Deputy of St. Ouen:

Thank you.

The Deputy of St. Peter:

The Policy and Strategy Director mentioned that the figure of 64 per cent has not changed probably since 2009 so do you see many trends in social housing and housing component or is it a pretty static situation?

Policy and Strategy Director:

It is reasonably static. There was a change when income support started because eligibility was slightly different to the old housing benefit but there has not been any substantial movement in the proportion of States tenants on income support since income support started. There will be change. Obviously, the Housing Transformation Programme will make a change

because it will set rents at a different level so we can give you some more statistics on that if that is important. That is no problem at all.

The Deputy of St. Ouen:

You talk about the Housing Transformation Programme. Obviously, that is what we are here generally to review and discuss but if reports and statistics information will not be available until the end of July, what information has been used to inform some of the rent proposals and some of the ways that subsidy will be handled in the White Paper?

The Minister for Social Security:

We have been taking advice from the Cambridge Centre for Housing and Planning Research but we are still in the throes of working out a policy because obviously we are concentrating on the private sector because the States rental social sector is not our ... we are going to be given extra money to pay for income support so our role is to look at the private sector and we are taking advice on that.

Policy and Strategy Director:

Can I just confirm that obviously we have exchanged information with Housing. When we talk about publishing statistics through an annual report, that is a public placed report; it is not just about housing. We obviously have given Housing statistics on our Housing Department properties, housing trust properties as part of the ... all through the process of the Housing Transformation Programme. So they have had statistics as and when they have needed them all the way through.

The Deputy of St. Ouen:

But can you just elaborate on the comment you just made about that you are solely looking at the private sector and just explain what you mean by that?

The Minister for Social Security:

In the Housing White Paper, they make reference to the Minister for Social Security reviewing rents in the private sector because they will become

decoupled from the fair rents paid in the social housing sector and therefore we have to come forward with proposals as to how we set the level of rents that we will pay up to in the private sector, and that is the piece of work that we are putting together.

The Deputy of St. Ouen:

Is there not another issue that we have all been well aware of over many years that some would suggest that the housing component, the subsidy provided for people in social housing, is considered generous and I am just wondering, are you suggesting that you are not going to deal with the issue of the generosity or the level of support provided to those within the social housing system? So are you just going to concentrate on the private sector?

The Minister for Social Security:

You have used the word “generous”. I have not heard that word used before in relation to social housing. We have to bear in mind that people are allocated a property as it becomes available so they are on a waiting list for, say, a 3-bedroom accommodation. They do not have any choice. When a property becomes available, they are allocated that property and often cannot refuse so therefore if that particular property happened to be detached and on the open market but have a higher rental, the prospective tenant has no choice in that matter. They take what is available. So that is why the policy has been to pay up to the fair rent that was being allowed for those particular properties. My point is that a new social housing tenant has no choice in the matter. They are allocated a property. They take it whether it is £50 or £100 more than a like property perhaps down the road. They just take what is made available to them so there is no generosity, as I would call it, in the system.

The Deputy of St. Ouen:

I thought the generosity was linked to the subsidy provided to individuals because previously the rental subsidy was linked to a higher level of income than that identified for income support. Is that still the case and if it is, how are you going to tackle that issue?

Policy and Strategy Director:

The generosity that you talk about was associated with the old rent abatement and rent rebate system and one of the aims of income support was to create a fair system across the board across all areas of household need and therefore the housing component is no more or less generous than the rest of income support and income support is not particularly a generous benefit. It requires stringent conditions on people's income, their total assets, their cash and then their income is taken into account and we have removed the generosity that was associated with the old housing benefits because it becomes just part of the whole income support calculation. So that is something that was addressed in the design of income support.

The Deputy of St. Ouen:

I see. Can you just confirm for us all that now the household component, the rent subsidy element, is only provided to those who fit the income support criteria and individuals are not treated differently from any other component that is available?

Policy and Strategy Director:

All the components are added up and treated equally, yes. Obviously, that has meant quite a large amount of money but the way that income is treated, which is the important thing, is that that is now the same across the board. So people get an incentive for being in employed work, which is different to the old system, so that is an improvement we have made but apart from that, if you have a pound of income that is treated across the board for your housing and your other living components will be the same.

The Deputy of St. Ouen:

Specifically for a family with one child who would be selected to access a 2-bedroom flat, what sort of level of income would be the limit of the income support?

The Minister for Social Security:

I was just going to say that I think there is possibly a misunderstanding about how income support works. I am not suggesting that the Deputy has a misunderstanding but I do hear people talking about rent rebate. There is no such thing as rent rebate anymore. We are looking at the whole needs of a household and we allow a certain component for their rent if they are renting, or if they are house owners they get a component as well. Some people only get perhaps £10 or £20 a week in total benefit which, if they are a States tenant, we would send direct to Housing. They will not necessarily be seeing all of the rent component unless there is virtually no income coming into the household. Then it could occur that way. So some people's housing component is relatively small but they just qualify for income support, so if they are a States tenant then that money is sent to the Housing Department.

The Deputy of St. Ouen:

One last question on the private sector matter and who you are targeting. Talking about the private sector, do you include housing trusts in that?

The Minister for Social Security:

In the social sector?

The Deputy of St. Ouen:

In a private sector. You say you are going to focus on the private sector. What category would housing trusts fall into?

The Minister for Social Security:

Social rented sector.

The Deputy of St. Ouen:

Social rented?

The Minister for Social Security:

Yes.

The Deputy of St. Ouen:

So you are not seeing any change with regard to the way the tenants in housing trust accommodation are provided for?

The Minister for Social Security:

Yes, because the social rented sector in the White Paper includes housing associations, not for profit housing associations, so they will be treated the same way as States tenants in the setting of rents and in the income support that they will receive. Private sector is going to be different. That is what we are concentrating on in Social Security.

The Deputy of St. Ouen:

Can you just confirm then why in the White Paper does it suggest that with a new rent policy, housing trusts are going to have to contribute to rental support?

Policy and Strategy Director:

At the minute, the housing trusts, where they have any excesses and those are allowed to stay within the organisation to provide housing for the future, with the increase in rents the housing trusts will create more income from the same stock they have got now and they will also create more cost to income support tenants who live in the housing trust properties.

[12:45]

As with the Housing Department, the housing trusts will contribute directly to the Treasury the amount of extra rent that represents those people who are income support tenants. So if the housing trust has 50/50 income support tenants and non-income support tenants, half of the extra rent that they receive they will pay to the Treasury and that will go towards the increased cost of income support. The money goes round in a circle basically and we will pay the money back to the tenants. But the reason for doing it is that the other half of the money is extra money, which provides more income to the housing trust so they can provide more housing in the future. That is the reason for it being worth doing.

The Deputy of St. Peter:

Now that you mention this circle of money, in your consideration with the Minister and development of this White Paper which you have contributed to, what discussion has there been regarding the circle of money and the way that this is conducted and whether there could be alternatives?

The Minister for Social Security:

You have to appreciate that I only became Minister in November. A lot of the work had been done by my predecessor insofar as discussions about the Housing Transformation Programme. I have to be honest and say my first thoughts were are we moving money around in a circle, as you alluded to, Chairman, but I do believe that there has been massive under-investment in our housing stock and this move towards the ability to borrow against that housing stock to make sure we meet decent homes standard and also create new units is a way of unlocking potential money for the new housing association to bring up the standard of social housing in the Island and to create new units. So that is really what is driving this. It does seem as though in relation to income support that it looks as though it is going round in a circle but it is the ultimate aim; that is the one we need to focus on.

The Deputy of St. Peter:

The method of collection and distribution of money from Treasury to Social Security and back again, is not necessarily going to change anything about the ability for the arm's length organisation to borrow money to invest in its infrastructure, is it?

The Minister for Social Security:

In the sense that the rent roll will be greater because more tenants will be paying, is it 90 per cent of market rents, so therefore any lender will be looking at potential rent roll, which is what they would do with a portfolio of properties. So it is about the model which is the same model that the housing associations have used when they have borrowed to build new units. They have been able to show a rent roll, not many voids, therefore the stock is

always filled and I think that is the model that the States will be using that has been very successful for housing associations.

The Deputy of St. Ouen:

But the truth is, Minister, that a proposal to increase the rents to 90 per cent of market rental means that you get provided with an additional £7.5 million that is going to be used to subsidise the tenants and you suggest that the whole aim of increasing the rent is to allow the department to meet the needs of our community and invest in housing but they are left, we are told in the White Paper, with a relatively small amount of that increase because they are delivering the extra to you. How on earth do you believe that that fits the picture of enabling the Housing Department or associations to deliver on the proposals as promoted?

The Minister for Social Security:

I can only go back to what I think the thrust of the White Paper is, is to be able to borrow against the stock and, as I understand it, the Housing Department cannot borrow from the Treasury essentially so they have to borrow from outside sources and this portfolio of properties is sitting there. It has got no mortgages against it and anybody would say that that stock should be able to deliver money through loans or whatever to make sure that the stock is maintained up to a decent home standard and more units are built. That is why we are doing it. I cannot think of any other reason really.

The Deputy of St. Ouen:

I absolutely and I fully agree that the annual investment in our States social housing has been restricted because the Housing Department has not been able to borrow as have the housing trusts. I suppose the final question on the matter is you acknowledge the fact that they need to have increased income so that they can go out and borrow and invest so I can I ask, did you require or have you required the Minister for Housing to contribute further to your funds to the extent to £7.5 million or did you put forward an alternative proposal, which would then allow him to keep the overall increase in income that would be derived from this proposal?

The Minister for Social Security:

The only thing I can comment is that when I arrived as Minister I was told that the White Paper and the Minister for Housing was adamant that people on income support would not see any difference with the rents going up. What the only difference would be, is as the rents were stepped up gradually for those who are not currently on income support, because they will all be assessed independently, that that will have a knock-on effect as they reach a stage where they will start to qualify for income support so some of the current tenants, who are not on income support, as they find they cannot afford the higher rents they may well come into our area for income support at some stage. So that would be the only area where we might see a growth in income support, not outside of this particular return of money, if you like.

The Deputy of St. Ouen:

But you lose support of the fact that the Housing Department or housing association, or whatever it may be, contributes this additional sum of money to you to support people that are accommodated within social housing?

The Minister for Social Security:

Sorry, I did not quite get the thrust of that.

The Deputy of St. Ouen:

Sorry, just finally, in the paper it says that as the rents increase so there is expectation that Housing will provide you, or through the Treasury, with another £7.5 million to meet the additional cost. It seems rather perverse that you say that Housing need to have more freedom so they can borrow money and then say: "But I want the lion's share because I need it to support individuals that they are housing."

The Minister for Social Security:

It may seem perverse but that is what the Minister and the Minister for Treasury and Resources felt was the only way this could be acceptable to the public, was to make sure that current tenants who would see it a rise in their

notional rent would not be affected if they are on income support, so they would not have to pay out any more money or use other parts of their components to top up towards their rents. It was not intended that that should happen.

The Deputy of St. Peter:

But essentially it is widely understood that this policy, if implemented, is likely to cause more people to gradually become eligible for income support, so increasing your burden really.

The Minister for Social Security:

Yes, it is likely that.

Mr. S. Partridge:

Minister, just a point of clarification, the £7.5 million that is quoted in the White Paper as the increase in the housing component of the income support bill, is that as a result of rents rising or those on existing income support or does that include an estimate of those that will be drawn into income support?

Policy and Strategy Director:

It is only the existing people on income support. We did not have data on people who were not on income support and therefore it was very hard ... we have been trying to do that more recently but have not concluded that exercise yet, so we are trying to do some work on identifying the income ranges of people who are in housing accommodation who are not receiving income support because, you are right, there will be a number who will fall into that. So, yes, that is just the current load.

Mr. S. Partridge:

So the increase in the social sector would be more than £7.5 million and the work is being done to make that assessment?

Policy and Strategy Director:

Yes.

The Minister for Social Security:

And it is covering the housing associations as well because there may be tenants there who will be drawn into income support for the same reasons.

Policy and Strategy Director:

That is a separate piece, I think that is £1.1 million.

Mr. S. Partridge:

Is that at £1.1 million, that same question really, substitute £7.5 million for £1.1 million, the £1.1 million covers the existing trust tenants who are on income support.

Policy and Strategy Director:

Only existing, yes. There are obviously more trust tenants who are not on income support so whether that will create a bigger jump we do not know yet. It is harder to gain information on housing trust tenants because obviously we do not have the same access to data that we have with the Housing Department.

Senator A. Breckon:

You mentioned private sector being decoupled from the States, what did you mean by that?

The Minister for Social Security:

Because it is the word in the White Paper. I am sorry I am being a bit facetious there. Decoupled to me means that we will have to set fair rents that we will use in calculating the housing component within income support. So if they are in the private sector we would have a different scale for a bedsit, one-bed, 2-bed or whatever, to that we will be using for the social housing sector.

Senator A. Breckon:

It will be higher or lower?

The Minister for Social Security:

I cannot comment on that because we have not decided at what level we will be setting the scale, if you like, for the private sector, just the work that is going on there.

Senator A. Breckon:

The States are saying we need to do a catch-up to get within 90 per cent of the private sector so are we in shifting sand here; where are we with getting prices and estimates and the rest of it?

The Minister for Social Security:

We are doing a lot of work...

Senator A. Breckon:

“We” is?

The Minister for Social Security:

Sorry?

Senator A. Breckon:

Have you got outside advice or is it professional...

The Minister for Social Security:

Yes, that is the Cambridge Centre, I mentioned before, whose full title I always forget. Cambridge Centre for Housing and Planning Research are helping us with that. Obviously getting statistics from the Statistics Office, using the Jersey rental price index and the census details which, of course, gives a lot of new information about the types of units in the private sector.

Senator A. Breckon:

One of our terms of reference is to consider the financial and other implications associated with the policy proposals. Are you able to shed any

light on that with statistics and numbers and profiles and tenants and things?
I mean where is the information?

The Minister for Social Security:

Because we are not in a position to release our work because it is policy in progress, I am not sure how much we can share with you. I would have to take advice from officers.

Senator A. Breckon:

What is the progress and when does this emerge, and when does it become policy that you need to implement?

The Minister for Social Security:

We have, and the White Paper makes it clear that the Minister for Social Security will bring forward a proposition on the private sector rental components at the same time as the White Paper is debated. So I believe the lodging of the White Paper is now intended for November for debate in January, or something like that. So we need to be in a position to lodge in the Assembly the proposition at that time.

Senator A. Breckon:

Are you confident that you have accurate data about the profile of the population, the age, the gender, the socioeconomic grouping to make an assessment now and a prediction on where it is going in the future?

The Minister for Social Security:

I think it is fair to say that the census is the prime source of information that we will be using. I mentioned before that I had a concern. We have got about 1,500 or so tenants in the private sector, I asked the officers to do a piece of work around trying to establish how many of those are non-qualified because they will be renting non-qualified units where the rental distribution would be different for people with 10 years' residence or more. So we are doing a piece of work around trying to identify, it is about 20 per cent of those we

estimate are non-qualified and I would not want their rental structure to skew the figures, so we are doing a piece of work around that.

The Deputy of St. Peter:

In the policy work that you are conducting at the moment, are you considering raising barriers to accessing income support?

The Minister for Social Security:

Do you want to expand?

The Deputy of St. Peter:

Sorry, making it harder for people to act as income support or changing the criteria so that perhaps the time limit, so at the moment it is 5 years residency, increasing that number of years, other methods.

The Minister for Social Security:

At the moment we have no intention of changing the 5-year continuous residence or 10 years in the past qualification. That is not to say that if there is political will or pressure that we might look at extending that time, but we have no policy on that at the moment. **[Aside]** I beg your pardon, I have just been prompted that in order to gauge some response from the public on that issue, we have a question in the current Jersey Annual Social Survey as to whether people feel that 5 years is the right period or whether it should be longer. I think there are a number of options that we have put in there for the period.

[13:00]

Policy and Strategy Director:

Can I just say for the purposes of housing, almost all the housing qualifications is much stronger than income support and therefore additional relevance to the cost of housing in income support. As you said, there are only a small number of people who do not have housing qualifications that access income support.

The Deputy of St. Ouen:

What part will you be playing in determining fair rental value for both social housing and private rental sectors?

The Minister for Social Security:

We will probably have a big part to play in the private sector. In the social sector it will be around the annual review of those rents because obviously we will have inbuilt within income support a percentage that we can use for increasing components within income support. We were told that if the rise was greater than we could afford there would be a question as to how it is going to be funded, if we do not have the money from Treasury to pay a higher level of support for rents in the social sector. The controlling mechanism would be that we have not got the money to pay everybody the full maximum housing component in the social sector.

The Deputy of St. Ouen:

Just for my peace of mind, we are talking about a fair rental policy that is set around market rents. It seems to me that you are suggesting that there are going to be 2 different levels, one for the private sector and one for the social housing sector. I am trying to reconcile how that works in practice when we have got Housing suggesting that their rentals will be set at 90 per cent of the fair market rental. For what? For the Island as a whole or for social housing or for private rental? Can you explain?

The Minister for Social Security:

There is a difference and I will be corrected if I have it wrong by officers. If you take say a 3-bedroom house in the States housing at the moment it might be that that particular property is isolated, it is not on an estate, it just happens to be in the States portfolio, that property on the open market could command quite a high rental because it is a desirable property. It just happens to be in the States portfolio. So that rent could be set higher because it will be at 90 per cent of the market rent of that particular property compared to another 3-bedroom terraced house, which happens to be a 3-bedroom unit on an estate

where the market rental will be lower. So there is a difference between ... each property would be assessed at a market rent rather than an average rent across the board for social housing. I think I have that correct. Now when it comes to the private sector we would probably be looking at the mean of the rents in a particular sector. It could be the social sector mean rents whereas we are looking at the rents across the whole board and then setting out private sector rents against that. We have not decided yet what is the best measure but we would be going for average rents rather than for individual rents because obviously we would have to otherwise assess every property that the private sector arrived with and say: "Well, we think the market rent of that is higher than you are paying" or whatever, so we would be looking at mean rents across the sector.

The Deputy of St. Ouen:

You say you are going to go through an average but who is going to decide what that average is? Who is going to determine the real true fair market rental?

The Minister for Social Security:

We would have to have professional advice. At the moment we could take advice from the Statistics Office because they have, as I said, the Jersey rental price index. There is a problem there because when we move- to the Control of Housing and Work Law the data that is provided to the Statistics Office comes from the leases that receive approval because of housing consents, that data will no longer be provided because the Control of Housing and Work Law says anybody has entitled status can come into any property transaction without going through any further permission, if you like, so that data will be lost. We would have to probably work with estate agents or valuers to arrive at what the market rents are doing at any particular period.

The Deputy of St. Peter:

If I can just backtrack over a couple of points you just made there please, because I understand your explanation there of looking at the average in the private market but earlier this afternoon you explained very clearly the lack of

choice to tenants in the social rented sector because they are merely allocated a home. I appreciate this is not necessarily a question for you, it is more a question for the Minister for Housing, but if they are not given an element of choice in their decision of where they live it seems slightly unfair if the level of rent that is set is equivalent to the standard or quality of that house they are allocated because there is no choice. Whereas in the private sector, the sector you will be looking at, you are dealing with people who have an element of choice in the property that they choose and so it almost seems that it would be fairer to equate the component regarding the individual property in your case rather than the social rented sector, if you see what I mean.

The Minister for Social Security:

I think I agree with you. I cannot say any more than that. I think the word I should have used when I was talking about rents in the private sector is the median as opposed to the average, because the median eliminates the very high rents and the very lowest rents because obviously there are some very desirable rental property which are 3 bedrooms, for example, but there is a lot of extra facilities provided or spaces and recreation areas, if you like. So as it is with houses at the moment, the 3-bedroom house market for sale you can have a very expensive 3 bedroom at £900,000 perhaps and a much cheaper end at £400,000, so we would be looking at median rents in the private sector as opposed to average rents because again the figures could be distorted. In fact 80 per cent of our tenants on income support are mainly in bedsits, one or 2-bedroom flats or one-bedroom houses, so that is where the bulk of our private sector income support tend to live in that particular type of housing, where the rents are fairly stable. They have only gone up something like 2 per cent on average in the last 3 years, so it is a much more stable market, if you like.

The Deputy of St. Peter:

Has any consideration been given to the potential knock-on impact in the market of raising rents and the relationship it will have with income support?

The Minister for Social Security:

Yes. I think raising social housing rents will not have a dramatic effect on the private sector but we have to be very careful when we decouple - that horrible word again - the private sector rents that we pay up to from the social housing rents, that we do not end up just putting money into landlord's pockets by having a higher threshold, if you like, that we have painted. We have to be very careful that we are targeting any extra money we receive where it is most needed. In other words, we do not want to be perhaps funding the few people, the 20 per cent who are not in one-bed or 2-bed units excessively and unnecessary perhaps when really the bulk of our private sector tenants are in smaller units. So we would have to be very careful how we deal with it, providing extra funding.

The Deputy of St. Peter:

When do you anticipate you will set your component rate for the private sector?

The Minister for Social Security:

As I said before, we hope to lodge our proposition to be debated at the same time as the White Paper so that the States and the public know which direction we are moving in.

The Deputy of St. Peter:

I just ask really because perhaps it does fall into the body of work that we are doing and so perhaps if we could have some prior knowledge of that part of the issue then we can assist perhaps by giving some consideration to your proposals as well, and feeding in without stalling any events as they progress.

Senator A. Breckon:

Can I just ask you, what proposition will you debate in the housing component?

The Minister for Social Security:

I was just thinking that myself.

Senator A. Breckon:

It is something you said, not us, is it not?

The Minister for Social Security:

I would imagine, and I stand to be corrected by officers, that we would be debating an amendment to the Income Support Law with regard to the housing component.

Senator A. Breckon:

Would that be structure rather than amounts though?

Policy and Strategy Director:

Yes, I think the proposition this year will describe a mechanism. I think the actual rates would be determined a bit later on.

Senator A. Breckon:

By regulation?

Policy and Strategy Director:

Yes.

The Minister for Social Security:

Yes, because obviously we would not introduce the new scale, if you like, until we had the money to deliver, particularly if we are debating the medium-term financial plan as well, so the money has to be made available before we can do anything to change the amounts that we pay out in the private sector. So the money has to be available.

The Deputy of St. Ouen:

That is an interesting point. We are not going to be debating the Housing Transformation Programme before January yet we are going to debate the medium-term financial plan in November, I think. If you are going to allow for changes, before decisions are made, it is a bit chicken and egg, do you not agree, and a bit premature?

The Minister for Social Security:

I do not think it is premature because we would be foolish to be talking about changing the system that we assist people in the private sector and did not have any money to do it. Given that the medium-term financial plan is a 3-year budget, if you like, if we had not put in a bid for extra funding to deliver this part of the Housing Transformation Programme nothing would happen. We may as well just forget the whole thing and leave it until 2016 or whatever.

The Deputy of St. Ouen:

Because some are likely to be shown the contingency area of the budget rather than it prescribed to your department because decisions had not been made?

The Minister for Social Security:

They are budgets that have been worked out as the potential cost of a full-year funding for enhancing the private sector. By the time we get round to needing the money those figures could be out, but at least it is a budget. If for any reason the White Paper and our proposal were not acceptable to the States then obviously the money would be returned to the Treasury because we would not need it.

The Deputy of St. Ouen:

Just to clear up one point. You have made a number of references to decisions made by the previous Minister around this particular policy; as the new Minister for Social Security, do you support all of the proposals contained in the White Paper?

The Minister for Social Security:

I think I only mentioned the previous Minister once, so I hope I have not said that more than once. It has taken me some time to accept that this is the best way forward but I am now convinced that what the Minister for Housing is proposing is the right way forward. There is another statistic I could give you, is that 44 per cent of the tenants who are currently on income support in the

private sector are paying their rent at or below the component that we currently have as the fair rent component. So that means that 56 per cent of our income support tenants who are in the private sector are having to use part of their other components to meet their rent liability each week. So that is something that is of concern to me and we need to shift that so that at least 60 per cent perhaps or higher, two-thirds, are receiving a rent component equivalent to the rent that they have to pay. That is the big challenge for us, to try and move from 44 to about 67 per cent. That is why we have put a bid in the medium-term financial plan.

The Deputy of St. Ouen:

If that is the current situation, what makes you believe that just by increasing rents or increasing the housing component will not still encourage the private landlords or private sector to increase their rents accordingly, because if it is “affordable” for those people now why will it not be as affordable if you increase the component to enable them to pay the same amount over and above the current level?

[13:15]

The Minister for Social Security:

When I say that 56 per cent are having to use some of their other components, they already have a rent set. It has already been agreed, whether it is in a lease. Most of our private sector tenants have 3-year leases because that tends to be the norm in Jersey. So they are already paying a certain rent and what we are saying is we will give them, if appropriate, a bit more money towards the cost of that rent. That does not necessarily mean that a landlord pushes their rents up because we are still talking about the same level of rent, it is just additional financial support towards that particular rent. Most rents are reviewed, depending on the terms of the lease, every 3 years there would probably be a cost of living, R.P.I. (retail price index) increase in those rents. I am not sure there is any evidence that paying a higher component but still not equivalent to the actual rent is going to make a

dramatic change to the rate of rents in the private sector. It is a possibility but I would hope that it does not happen.

Mr. S. Partridge:

It might not affect individual tenancies in the term of their lease but might it not send a signal to the market place that if the State was prepared to pay a housing element at a higher rate that might have a knock-on effect into the market for the longer term?

The Minister for Social Security:

I cannot disagree with that. It is a strong possibility, yes.

Policy and Strategy Director:

Can we just say we have no evidence at all of any grouping around the current income support maximum amounts so the market would have to change its behaviour if it does not do it now. We see rents right the way through at and above the income support maximum amount that is available, so it is not a feature of our current market place.

Senator A. Breckon:

Do you not have a benchmark for a one-bedroom flat or 2-bedroom flat, so you do not go above that anyway?

Policy and Strategy Director:

Maximum amount, yes.

Senator A. Breckon:

You do not go above that for a subsidy on...?

Policy and Strategy Director:

That is what I am saying is that you can ... so a one-bedroom flat for £156 per week, you will see private sector below £156, at around £156, and above it, and there is no particular grouping around £156. It is not like landlords are currently ... there is no evidence that we have from our own figures that

landlords are grouping their rents around a maximum amount of benefit that is available for that size accommodation.

Senator A. Breckon:

But then what the Minister has just said, and we have evidence from elsewhere saying that people, their rent component does not meet adequately their rent and they have to use other elements of their income to do that. So that is generally agreed, is it?

The Minister for Social Security:

Yes, because we say 56 per cent of our income support private sector tenants are having to use other elements of their income support to meet their rents. I think it is important that we realise that somebody who is in the private sector will work out what they can afford to rent. They are going to look in the lower percentile type of rents because that is what they can afford. So that market will always exist. That they are not going to look at very expensive ... they could but it means they will have a great difficulty affording that rent, so they will always be looking and landlords will always have to pitch rents to make sure their properties are full because it is no good having a block of flats when you only have half of them left because your rents are too high. So market forces will prevail.

Senator A. Breckon:

Just to move on. The White Paper proposes a means testing exercise for housing trust tenants during 2013. Do you know and were you consulted about how this would be conducted and have the parameters for the review been set?

Policy and Strategy Director:

It is the same exercise for the non-income support tenants in the Housing Department and in housing trust properties that the cost of that exercise be borne by the Housing Department directly. We are only involved in essentially trying to give them some information on income distributions for those tenants. As I said before, we do not have very good information. We have

limited information we can help them with. It is really up to the Housing Department to both organise the parameters of that scheme and to fund it. We are not involved in the funding of it; this is really a Housing Department issue, that one.

Senator A. Breckon:

Do they have the knowledge to do that?

Policy and Strategy Director:

As I say, we are trying to gather some better evidence on the actual distributions of income so you would know how many people will be affected. A direct impact of us is how many people would fall into income support immediately, but that is likely to be a relatively small proportion in total, but the other thing will be how much Housing wants to increase the rent. They are basically going to increase the rents on day one but allow a transitional relief over a period of years to get back up to the market rental and so they will find out for themselves. We are helping them with these dates, that is by no means finished yet so there is a way to go on that exercise.

Senator A. Breckon:

What powers would they have to get tenants to give information? I mean you have powers in that people who do not give you information you do not give them any money. They do not have that power.

Policy and Strategy Director:

If people did not want to fall into our transitional relief they would not get any.

Senator A. Breckon:

But then you are talking about means testing; how can you means test if people do not give you the information?

Policy and Strategy Director:

But it would be, as I say, Housing would run the same system as Income Support do, if the tenant did not choose to fill in the form to ask for the

transitional relief and did not provide the information ... I am speaking on behalf of Housing, which I cannot do, I presume Housing would not give people relief unless they can prove they needed it.

The Deputy of St. Ouen:

How are you going to make that requirement? I am struggling with this means testing because obviously the idea is to provide a fair and equitable support for those in need with regards to their accommodation, whatever size or shape it may take. On the one hand the White Paper is suggesting Social Security quite likely will take control, means test and use the same sort of systems to determine financial support and provision of housing component through the income support scheme. But there is a “but”, and the but is before anything else happens Housing is supposed to do some form of means testing and I am not sure whether ... yes, they can maybe do it for their own clients because I understand that tenancy agreements require it to happen, but it is not just Housing, it is providing social housing. We have housing trusts, we have obviously individuals that cannot access either and are renting in the private sector. It seems a little bit disjointed that either we have a means-testing system we can rely on, which I presume is the system that you operate, Minister, and it can be used for this purpose as well as anything else, or we are going to create another quality or ask another group who are not perhaps necessarily able to manage all the data necessary to determine the eligibility of the client to determine whether they get support or not. Can you reconcile those 2 issues for me please?

The Minister for Social Security:

I am not sure how many tenants would be affected by the phasing in of the higher rents and, as Sue has alluded to, it is very much they have to come forward and say that they cannot afford the new rent once it is decided and ask for transitional sort of assistance to phase in their rent increases. I think it is fair to say because the data is not there, if they are not claiming income support then the landlord, which is the States, do not know their level of income either. So somebody has to sit down with them and say: “Right, well this will be your new rent. You are going to need time to afford this in stages

or do you need to go to income support because you are never going to afford it”.

Senator A. Breckon:

Have you any idea of the cost of the transitional people who might have a qualification which they are going to lose or people who are coming into this system because of increases? Any idea how much that would cost, people who would maintain a benefit for a transitional period and then those who might be coming into the system because prices are increasing?

The Minister for Social Security:

I think that is the information gathering exercise that is taking place now because this information is not available. I think that is correct. Part of the work that is going on is to try and identify which tenants who are currently not on income support who may need transition assistance or in fact may need to come straight on to income support because perhaps they have managed up until now but have not applied for income support.

The Deputy of St. Peter:

Given there are so many holes in the knowledge and there is still so much information gathering going on, it is going to really have a considerable bearing on the detail and the figures related to implementing the White Paper, do you think the timescales that is being worked to here is realistic?

The Minister for Social Security:

We have to remember that the White Paper is about debating a policy. It is not about changing the laws or anything like that. It is about a policy which the Minister for Housing is asking the States to sign up to. Having agreed the policy then the nuts and bolts of implementing it start to take place thereafter, including decoupling the rents, if that is the way forward. Major policy changes, which this is, quite rightly require the approval of the States and that is the direction we are going in. All the detail would not necessarily have to be available at this stage, a lot of work has gone on, as I am sure you can appreciate, but the final picture that will emerge of who will require what help

and the total cost of income support, et cetera, will only be known when all that detail has been provided for every tenant.

The Deputy of St. Ouen:

That is rather back to front, Minister, because if you are looking to change and move from one policy to another, one would tend to feel that you need to be reasonably confident that the policy is going to deliver and provide better for the people that you are trying to help than the current one. To suggest that details will follow any general States decision on policy is a little bit hit and miss, do you not agree?

The Minister for Social Security:

No, I do not agree because the importance of this is to improve the quality of the housing for people that live in the social rented sector. As you well know, Deputy, the States have failed monumentally, I think is the word, to allocate money each year for maintenance in capital allocations. They have always been in competition with Education or Health and not enough money over the years has been invested in the stock. The whole thrust of this is about generating new money and therefore social housing tenants will benefit because they will see the quality of their accommodation improving, the choice improving as new units are built, so there is a lot of benefit to the social housing tenants in the proposals.

The Deputy of St. Ouen:

That general philosophy I totally agree with. Generally, look for the user to pay so you want to improve the quality of housing, charge the tenants more. The reality is this is not standard housing. This is housing that we seek to provide for people on the lowest incomes who would otherwise generally be unable to pay for accommodation within the private sector. So there is this idea that just by charging them more we are going to somehow provide better for them is a bit of a strange dilemma, not just yourself but the States when they are having this debate.

Chief Officer:

Can I just clarify one thing? The move to 90 per cent is not a change of policy. The move to 90 per cent is an existing policy that over a period of time we seem to have lost the link with. But that policy is the existing policy of a fair rental system. There is no change in policy there but you can see how over a period of time, potentially because the Housing Department is a department and you do not have the structures that are proposed within the Housing Transformation, we find ourselves in a position where 90 per cent of fair rent and 90 per cent of the equivalent market value rent has not been achieved, but with a longer term.

Mr. S. Partridge:

Over what period has that process been taking place?

Chief Officer:

How long is it since it has not been...?

Mr. S. Partridge:

As in this kind of...

Chief Officer:

Off the top of my head I do not know when that policy came in, but what we have seen is that because of the effects of increasing ... been holding down rents at a maximum of 2.5 per cent, that sometimes it can be seen for the short term to be better on the cost of benefits to hold down the rents, because you would follow a rent rise with a benefit rise it would increase overall the cost to the States as well as the cost that they have both borne outside in the private sector. I am not too sure, when did 90 per cent come in?

Senator A. Breckon:

About 12 or 15 years, it was a long time ago.

[13:30]

Policy and Strategy Director:

A long time ago, yes. It has been a number of years. I mean against Income Support is that the rents were not being brought up each year and they were being reviewed.

Senator A. Breckon:

But part of the reason for that is because the properties were not maintained so they could not do that.

Policy and Strategy Director:

Yes, all sorts of issues around it.

Chief Officer:

But there were 2 policy alternatives within this narrow field, one is to build to the 90 per cent over a period of time or one is to go up to 90 per cent and have a transition period of support. So you remember with income support it is not too different to when we brought in income support. Those who would have got more benefiting under the old system were protected through a gradual reduction from that level to their income support level, which is a transition. They are very similar in the way that they will be administered.

The Deputy of St. Peter:

If I may just go back over one area. Earlier you mentioned that 44 per cent of tenants claiming income support but living in the private sector are paying rent at or below the current housing component. That would perhaps give an indication that almost 50 per cent of people are paying what is comparable to the current social rented payment levels therefore the increases being proposed are perhaps exceeding or going to work out ... I know that it is obviously across an average but if there were 44 per cent of people already in the private sector at or below that level then is it fair to increase to such an extent that it is going to be above that?

The Minister for Social Security:

I think I can help you there. The rents in the States housing vary considerably. For example, if you had a new estate of houses that had just

been built you would set those rents at much closer to market rents than you would at some old stock that you have not, as Senator Breckon has said, done the repairs to ...

Senator A. Breckon:

Les Squez with Jardin des Carreaux or something like that?

The Minister for Social Security:

Exactly. In the case of the brand new estate just being built where you are setting the rents for the first time for your tenants moving in you would set them probably there at 90 per cent. So when the Minister for Housing talks about rents in the social housing sector being below market rents by up to 25 per cent. In some cases I think it is more than 25 per cent below, those would tend to be the more dilapidated stock. The newer stock, where there has been a new tenant, a change of tenancy, the opportunity will be taken to change that rent to 90 per cent because if that person coming in is an income support recipient then more than likely we will be able to assist them with that rent. Obviously some people moving into the higher value properties will not be receiving income support, so they presumably can afford that rent. If they cannot afford it they may decide to move to the private sector where they could find cheaper rents. There is potential for people moving from social to private depending on what they believe is affordable.

The Deputy of St. Peter:

Does that not go against the whole of ... sorry.

Policy and Strategy Director:

If I can just paraphrase it a bit. I think in the social sector the Housing Department properties, when we talk about 90 per cent it is 90 per cent of the market value of that house, that property as you described earlier. There is no kind of averaging out. It is the actual that estate or that house within that estate, and therefore a dilapidated house would have a lower market value and it is 90 per cent of that market value that would be the rent and a nice

brand new house, or whatever, would have a higher market value and therefore it will be of that market value as well.

The Deputy of St. Peter:

Thank you.

The Deputy of St. Ouen:

I am a bit concerned about something and I would like to pick up on something your Chief Officer said earlier, which is to do with the 90 per cent rent level and there is no change in policy, it is existing policy.

Chief Officer:

There is a slight change, Sue is right in pointing out.

The Deputy of St. Ouen:

I think that the question has to be asked, and I can remember the policy being in place, if it has not been successfully applied for all the various reasons that you told us in the past what makes you believe that reinstating that policy will have the desired outcome in the future? Answers on a postcard. **[Laughter]**

Mr. S. Partridge:

Just on that theme, you mentioned that social rents tended to be at around 2.5 per cent, and that is increases, and that had led to them falling behind across the piece against the 90 per cent, which the corollary to that is that private rents would have gone up quicker than 2.5 per cent over the last 10 or 15 years. What work have you done to predict the potential assumptions around future rent increases after transition and the potential impact on income support because if private rent trends over the last 10 or 12 years continue then that looks like it might have got more than 2.5 per cent a year, having a knock-on impact on to income support?

Chief Officer:

There are some assumptions, the assumptions being used in the modelling I think are in the short...

Policy and Strategy Director:

This is what happened, we have no involvement in this area of work at all. It is the Housing Department's modelling, it is not our modelling. Our part in the bargain is that the Treasury will fund us the required costs each year, it is only for the short term. But Housing, we think they are now modelling R.P.I.Y. (Retail Price Index Y) plus 0.75 in the long term. Different numbers have been mentioned at different times.

Mr. S. Partridge:

The question still remains that if the markets have moved significantly over the last 10 or 12 years could that behaviour not be expected to continue?

Chief Officer:

It could continue and it might not continue depending upon where the local housing economy is and depending upon where the economy is.

Mr. S. Partridge:

Just to be clear then, one potential implication could be that social rents rise quicker than they have been and on a kind of conformed basis?

Chief Officer:

Only from the 90 per cent...

Mr. S. Partridge:

Yes, because they will be linked to the 90 per cent and you will be keeping them at the 90 per cent.

Chief Officer:

Yes, it could.

Mr. S. Partridge:

They could have before...

Chief Officer:

They could do under the existing policy had the existing policy been consistently applied across the period.

Mr. S. Partridge:

It goes back to the Deputy's point.

Chief Officer:

So back to Deputy Reed's question, I can see that you wanted the postcard ... did you want the postcard to come to me?

The Minister for Social Security:

That will be posted to you.

Chief Officer:

Many of the decisions obviously eventually come down to pressures that are put upon people at any particular time. I would say that the new structures that are put in place will more likely deliver the policy than the existing structure, so the Housing Department itself has a number of different functions that the transformation say should be split out among different people. So there will be the Strategic Housing Unit, there will be a regulator and there will be the provider. In such an environment I would say that the policy stands more chance of lasting the test of time.

The Deputy of St. Ouen:

Just focusing on your role, Minister, into decoupling subsequently within the private sector. In the White Paper on page 20 and 21 it talks about the fair rent level policy and it talks about the net impact on States tenants of removing the subsidy is limited to up to £3.75 million. It then goes on to talk about the transitional relief and it assumes that those affected will be able to absorb a year on year increase of not less than £260 per annum above inflation and earnings increase. It is for a period of 10 years. With your experience within supporting individuals in the Citizens Advice Bureau and now as the Minister for Social Security, do you really believe that those that

are accommodated within social housing who are generally those on relatively low income can manage that sort of increase even over a 10-year period or sustain it, sorry; sustained over a 10-year period.

The Minister for Social Security:

I think it is true to say that there are probably people in the social housing sector who perhaps joined it when they were eligible as a young family whose children have left home, both mum and dad are working, they stayed in the social housing sector because nobody has asked them to move or maybe they have downsized to a smaller unit. The level of their income is such that, yes, I think they probably could afford the changes over a period of time. There will be others who will find it difficult and they would have to make some choices whether they seek assistance from ourselves or decide that they could find a cheaper deal in the private sector. Some people may move, as I said earlier, to the private sector because they can command cheaper rents in the private sector.

The Deputy of St. Ouen:

What evidence do you have to base that opinion on?

The Minister for Social Security:

I personally do not have any evidence but it strikes me as rather odd that we have a system where we have social housing yet we have people who do not need income support to survive in social housing. Because when we took over responsibility for rent subsidy, if you like, the Housing Department no longer had to ask all their tenants to fill in means tests and I do recall from my days at Citizens Advice Bureau that people had a choice. I mean if they wanted to pay the full rent they did not have to go through the means test. They just said: "Yes, I will pay the full rent" and therefore they were never required to supply details of their income, assets or whatever. Some of those people obviously have remained in social housing. They have never probably been means tested for years because they have always been willing to pay the full rent.

Senator A. Breckon:

Do you agree there is an inequity between renters and buyers to give tax relief to people who do not need it, which is housing benefit or mortgages? They are not means tested.

The Minister for Social Security:

I am not quite sure the...

Senator A. Breckon:

We give tax relief to people with mortgages who do not need it, so we are giving them housing benefit, which is not means tested, so we are discriminating against people who are renting and sometimes they might be too old to go anywhere and buy anywhere else. Why are we bearing down on these people and seeing they are getting windfalls or benefits when if they are 60 and they have more income where are they going to go. Can you tell me where they are going to go?

The Minister for Social Security:

I think it is recognised that people who have never taken that step on the housing ladder probably, as they get older, have missed the opportunity, if you like...

Senator A. Breckon:

They are providing the Housing Department with money to give rent rebates to people in the private sector, that is what they are actually doing.

The Minister for Social Security:

But of course we have to remember that not everybody gets mortgage interest relief.

Senator A. Breckon:

No, people are not means tested, they just get it. They do not say you do not need it, you get it. You just fill in the form and you get it. It is discrimination about renters and buyers, is it not?

The Minister for Social Security:

I am not absolutely following your point, I am sorry. I am missing it.

Senator A. Breckon:

People are getting housing benefit, they are getting tax relief if they are buying a house when they do not necessarily need it, and people are saying people who live in estates probably should not be there because they do not need to be there, so there is a discrimination element there between renters and buyers.

The Minister for Social Security:

But as I repeat really, the mortgage interest relief is no longer available automatically to everybody. 20 means 20 has removed mortgage interest relief for a lot of people.

Senator A. Breckon:

But for many it still has not and they claim up to £320,000 a year.

The Minister for Social Security:

On the capital?

The Deputy of St. Ouen:

Can I ask, just picking up a comment that you made previously. Is it your view that social housing should only be provided to those who are eligible for income support?

The Minister for Social Security:

I think States provided, yes, I probably do think that. There is a role obviously for the housing associations where there are less people on income support in the housing association properties. But we have a very buoyant and active private sector rental market and my concern would be about the number of units that we build in the future, new units ... if we have a growing waiting list for social housing are we wishing to create a lot of new units when everyone

is living somewhere at the moment so maybe the private sector should be filling some of that gap.

[13:45]

It is all about supply and demand. At the moment everybody is living somewhere in Jersey. We have a few people sleeping rough and in hostels but the majority of people are living in a home somewhere. The question is do we want to have a lot more social housing, in which case where are we going to build it and who is going to occupy that were the people on the waiting list. But the people on the waiting list are currently being housed so are we just chasing our tail really?

The Deputy of St. Peter:

It is a very interesting topic but I think we are straying a little from our brief. I think Steve has another question.

Mr. S. Partridge:

Just a point of clarification, Minister. You made a couple of references throughout to any increase or financial implications on the income support housing element for social tenants will be covered by the Treasury, be that States or trusts or tenants. So the mechanism is being developed now or is it a continuation of an existing mechanism? Are there any or what kind of mechanisms are in place to prevent any leakage or is that simply a pound for pound?

The Minister for Social Security:

I will start it off but I think probably Richard does more of the responsibility for the financial balancing of our books. We put in obviously budgets for the estimated cost of income support, which of course being a universal credit or benefit means that it includes the housing component as a part of the budget. So each year, well now with the medium-term financial plan it is slightly different, but we would estimate what we need and we hold back contingencies in case obviously we have more demand on our budget and if

we use those contingencies we have to go cap in hand to the Minister for Treasury and Resources and ask him for a bit more. But maybe you want to comment.

Chief Officer:

You are asking about the existing mechanism or a new mechanism?

Mr. S. Partridge:

I think there will be an increase in income support entitlement that social tenants, both from transition and potentially going forward is frequently discussed. But there have been several allusions to we get that money from Treasury or that money comes from Treasury and we will be covered and we get Treasury to pay for that. I am just wanting to confirm really, for the record, that that was a pound for pound receipt from Treasury to cover income support costs and the housing element for social tenants?

Chief Officer:

That is our understanding. I think that is made clear in the White Paper.

Policy and Strategy Director:

Yes, it is a pound for pound increase, the calculated increase in income support on day one in respect of existing tenants is a pound for pound. The way that we get money from the Treasury is not quite the same way as the way the Housing gives money to Treasury and there is money that flows straight through and because income support is a single benefit there are calculations to the cost of housing within income support, but basically we make a bid to Treasury for all our income support costs, cost which is met through Housing giving money to the Treasury. The new mechanism will be for the housing trusts, that is different and that is a new thing which does not exist at the minute and that will need to be developed where the housing trust provide money to the Treasury as well.

Mr. S. Partridge:

It is the panel seeking reassurance that there are no prospects of leakage of funds and that funds that fall on the taxpayer as opposed to the trusts/estates for new housing associations.

Policy and Strategy Director:

These are matters which are the Housing Department is organising rather than us, I am afraid.

Senator A. Breckon:

Here is a question, this is political. How many additional homes do you think for people to live in will be created because of this policy because that is partly what it is about? You touched on supply and demand of course. If we are identifying changing the housing need because of the demographics, people are living somewhere but that is out of necessity rather than choice so what we are doing, we are putting many millions of pounds into subsidies and the system over a long, long period of time and what is this going to create going forward?

The Minister for Social Security:

I think, to be fair, that is a question for the Minister for Housing because he obviously has...

Senator A. Breckon:

Do not tell him I asked it then. **[Laughter]**

The Minister for Social Security:

I do not know the quality of our housing stock, because I think that is very important. There may well be units which are only fit for demolition in the long run rather than putting a lot of maintenance in, in which case you may end up with fewer units on a site or you might end up with more units on a site.

Senator A. Breckon:

Just on the private sector, I mean it is a fact there is a subsidy element, which has been there for a long time, and is this bringing private investors to the

market? What are we going to create by pumping all this money in? More places for people to live? More choice? Better quality? What is it going to do?

The Minister for Social Security:

I think it is all about quality. I am not sure there will be vast amounts of quantity as a result of the policy unless more land is rezoned for housing because unless we increase density I do not think we have the space on States-owned sites to build many more houses unless more land is rezoned for social housing.

The Deputy of St. Peter:

I think we will have an interesting debate with the Minister for Housing in relation to that question. Deputy Reed, did you have a final question?

The Deputy of St. Ouen:

Yes, it is about the sort of criteria that will be used to determine those Island residents who should be accommodated within the social housing sector, which includes the housing trust, are you involved in any work determining what that criteria may be and will it have any effect on determining your policies with regard to subsidy to private sector tenants?

The Minister for Social Security:

I think you are referring to the gateway, which will be the way that people enter into social housing because obviously a lot of work has been done recently with housing associations to make sure that as they have empty flats or whatever that people on the waiting list are allocated, whether it is housing association or whichever is available first, if you like. So that has been already agreed with the housing associations so everybody comes in through the same gateway, which of course is a big step forward. I am not sure what happens to the gateway in the future, which is going to have control of it.

Policy and Strategy Director:

It will come under the Strategic Housing Unit. It might be that we administer it because, as you said before, we now have to do a means test and things like that but that will just be an admin role that the department might carry on because it is easier for us to do it than anybody else, but the Strategic Housing Unit, I think, would be the person that organises the rules around the gateway.

The Deputy of St. Ouen:

I understand the sort of basics of the gateway system and it has been about determining need, but the Minister has quite rightly pointed out, it is not just the States that provides social housing. We have housing trusts and we also have the private sector. The Minister has also said that he is going to review the way people are supported, especially in the private sector, with regards to accommodation or housing component link to income support. A long-winded question has developed here, but it is all about how are you going to provide for those that cannot or are unable to access the social housing because maybe there is that limited supply, but equally treat them in a similar manner in a fair financial way to those that could be accommodated within the housing system or housing trust?

The Minister for Social Security:

What the implication of what you just said there, Deputy, is that the private sector are not providing decent housing, decent affordable homes. I am not in a position to comment on that but I think most landlords are responsible and will endeavour to provide accommodation that is suitable for their tenants. The reason people might be wishing to move from the private sector into social housing is because they believe they will have cheaper rents but the policy will not necessarily deliver cheaper rents.

The Deputy of St. Ouen:

I am not suggesting about standard housing. What I am saying is that you have a list of people who want to access social housing but we also recognise that that provision comes across not just the States housing, it is provided by housing trusts in the private sector. We are limited supply but collectively we

have sufficient. What criteria are you going to use to make sure that those who may be eligible through the gateway system to access social housing are provided for while they wait or due to the fact that they cannot access it because of the limited supply? That is what I need to understand. What support are you going to give those individuals?

Chief Officer:

That is the topic of the piece of work we are doing on the private sector.

The Deputy of St. Ouen:

So you will not know that until November?

Chief Officer:

At the end of that that will say what the policy will be in respect of those ... that is very near to what you are talking about.

The Deputy of St. Ouen:

So it will include all of the criteria that will be somehow linked to...

Chief Officer:

No, it will not be criteria. It is a means testing system in Income Support. It does not look at criteria beyond that. The gateway will prioritise people who tick certain boxes in terms of other criteria. It will be people who cannot be accommodated within that criteria or are not by their own choice choosing to be accommodated within this criteria that will just fall upon the income support system for assistance with the private sector.

The Deputy of St. Ouen:

Just to pick up on that point; you have got identical individuals, exactly the same financial circumstances. One that is currently accommodated in States housing and the other one that is on a list that is not being accommodated and will have to seek accommodation elsewhere because they cannot be provided for. My question is what criteria ... what processes will you use to ensure that that individual that is having to be provided for within the private

sector is treated as equal as that that is fortunate enough maybe to access housing within the social sector?

Chief Officer:

You mean why is one getting through the gateway and another not getting through the gateway?

The Deputy of St. Ouen:

Well, because it is a fact of life, I am afraid.

Chief Officer:

No, are you saying that Social Security should be ensuring that the gateway is fair?

The Deputy of St. Ouen:

No, I am just saying that any financial assistance you provide to individuals that you are expecting to be accommodated in 3 different areas are treated equally.

Chief Officer:

That is one of the choices that you would have with the private sector scheme. You can have the private sector scheme that gave exactly the same support. There are a whole range of differences and different ways you could run the private sectors in. One of them could be to say should you have equity in financial support between those 2 groups? But as the chairperson said there is a difference between accessing the private sector and accessing the social sector, differences in either direction. One of which is you get choice in the private sector that you do not necessarily get in the social sector. There are a whole range of different methods to be taken into consideration when we set the private sector rentals but equity between someone accessing for a private sector and someone accessing the social sector is one of them.

The Deputy of St. Ouen:

Can we expect to have that information in the report you are going to present in November?

Chief Officer:

Information; I am not quite sure what answers you are looking for in terms of...

The Deputy of St. Ouen:

I can determine whether the policy and the proposed way you are planning to treat those in the private sector alongside those in the housing sector are the same.

Chief Officer:

It will be evident because the income support scheme is exactly the same. The difference will be the extent to which a private sector individual is assisted through the component as opposed to those in social housing. At the moment, arguably the 2 are not equitable.

The Deputy of St. Peter:

Are you satisfied you have got your answer?

The Deputy of St. Ouen:

I will wait for information.

The Deputy of St. Peter:

Just a final question on that point. Once you have set your housing component for the private sector, do you envisage that it might be beneficial to you to have private sector landlords regulated so that you have an understanding or a guarantee of the quality of housing? I know that that is a piece of work the Housing Department are producing as working towards regulation in the private sector. It strikes me it might be a beneficial thing to work in tandem.

The Minister for Social Security:

If you mean by regulated you mean if you are referring to rent control...

The Deputy of St. Peter:

Not necessary rent control but...

The Minister for Social Security:

I do not think there is an appetite to reintroduce rent control, which there was some years ago.

The Deputy of St. Peter:

I am talking more about quality of accommodation rather than...

The Minister for Social Security:

Yes, I mean, as you say, that is a separate piece of work that is going on about monitoring the quality, health and safety issues of private sector accommodation.

[14:00]

It struck me that, referring to Deputy Reed's point before, it is one thing that we have not mentioned which is sometimes overlooked, is that in the private sector you can take lodgers to assist you with the affordability of your rent. In the social housing sector you cannot have lodgers. So some people will be living in private sector accommodation, in accommodation perhaps bigger than they would normally aspire to but can have lodgers and therefore makes the deal, if you like, more affordable for them and we take account of that when we are calculating income support.

Policy and Strategy Director:

Yes, it would not hold any rank because the income from the lodger would then pass to income support.

The Minister for Social Security:

But they may be able to aspire to a nicer property because they know they can use the third bedroom for a lodger or whatever you like, whereas when

you are allocated social housing if you only need 2 bedrooms you only get 2 bedrooms depending on the makeup of your family unit. But you could live in the private sector in a 3-bedroom, as with a garden and whatever, because you can take in a lodger.

The Deputy of St. Peter:

Thank you very much. I do not think there are any further questions. Thank you very much for attending today and for assisting. We will close the meeting.

[14:01]