

STATES OF JERSEY

Health, Social Security and Housing Sub-Panel Social Housing Property Plan Review

MONDAY, 21st MAY 2007

Panel:

Deputy A. Breckon of St. Saviour (Chairman)

Deputy R.G. Le Hérissier of St. Saviour

Connétable G.F. Butcher of St. John

Connétable S.A. Yates of St. Martin

Witnesses:

Senator P.F. Routier (The Minister for Social Security)

Mr. R. Bell (Controller of Social Security)

Deputy A. Breckon of St. Saviour (Chairman):

I am chairing today's proceedings. We have apologies from Deputy Power who would normally be chairing it, but something has come up so unfortunately he cannot be here. As you know, we are a sub-panel set up under the Health, Social Security and Housing main panel and we are reviewing the Social Housing Property Plan. We have fairly tight timescales, so thank you for coming today. I am Vice-Chairman of this sub-panel. Malcolm Orbell is our Scrutiny Officer.

Connétable G.F. Butcher of St. John:

Graeme Butcher, Constable of St. John, member of sub-panel.

Connétable S.A. Yates of St. Martin:

Silva Yates, Constable of St. Martin.

Deputy R.G. Le Hérissier of St. Saviour:

Roy Le Hérissier.

Deputy A. Breckon:

Can I ask you, Paul, for the benefit of the tape just to introduce yourselves as well?

Senator P.F. Routier (The Minister for Social Security):

Yes, certainly. Senator Paul Routier, Minister for Social Security. I am accompanied by my Chief Officer, who is ...

Mr. R. Bell (Controller of Social Security):

Richard Bell.

Deputy A. Breckon:

What I was going to suggest was that perhaps as a way of introduction, because we are coming to you really from the housing element of the Income Support, perhaps how that may or may not work, and it may be helpful if perhaps you could start by saying how you see it at the moment, where you are in timescales and how you see the housing benefit fitting in, and some of the work you have done. Then I think what might flow from that is some of the questions that we have may give you a prompt to that and if there is anything we would follow up. Then what I would propose, Paul, is if there is anything at the end - or to Richard - that you feel we may have missed, then it would be an opportunity at the end, if there is anything you want to say. The other thing is just an official reminder, as it were, that you do have the privilege of being a States Member, and yours is slightly different, Richard, but you can virtually say what you want, slag who you want, as long as it is true, really. So, apart from that then care is required. So, if you would like to tell us where you are with Income Support and relate it really to the housing element and how you see it fitting in with the transfer of funds from Housing to you. Perhaps you could start with that.

Senator P.F. Routier:

Well, as you are aware, last week or the week before we decided that the implementation for Income Support would be pushed back until January of next year. The department itself was ready, willing and able to meet our original timescale but it was decided that with the GST (Goods and Services Tax) implementation moving back that it would be better to use the additional time to communicate with everybody so that everybody knows exactly what the new system is going to bring forward. So, that is a process which we are scoping out presently with regard to the timescale when we come to the States, when we are lodging -- I did not bring that with me unfortunately because I was not anticipating that question, but certainly the timescale we were talking about lodging in ...

Mr. R. Bell:

The week commencing 9th July, for debate 26th September.

Senator P.F. Routier:

Okay. So, obviously after the debate, that is when we would be able to communicate directly with claimants exactly what the situation would be. It is not until we have that debate in the States that we will be able to tell people exactly what their new circumstance would be, whether they are going to be in

the proportion of people who will be receiving additional benefits or those who will be assessed at a lower level. So, as I say, that debate is vitally important for us to be able to give them the correct information. You asked about how it is going to relate to the existing housing benefits. The existing housing benefits will not exist and the rental subsidy and the rent abatement scheme will no longer exist. The new system will pay a component for rental support. It will depend on everybody's individual circumstances how much rental support they will get. That is the plain, basic way it is going to work but the rental component is just one component within the overall Income Support system.

Deputy A. Breckon:

But you will get a carryover from Housing of their current budget that is for abatement and private sector rent rebate to you, so that you can allocate that in, whichever one?

Senator P.F. Routier:

Yes, certainly the current Housing budget will be transferred to us.

Deputy A. Breckon:

Which is £22 million to £23 million?

Senator P.F. Routier:

Yes.

The Connétable of St. John:

From the point of view, through the Chair, would that money that is transferred over to you, if the subsidies, abatements, whatever you want to call them, continue to rise the way they have been doing over many years, where do you anticipate the money coming from to fund that?

Senator P.F. Routier:

It is going to be a totally different way of paying rental support to people. Comparing it with the old system is not possible because it is a totally different way of assessing people's support needs. So it does not matter if people are living in the private sector or whether they are living in social rented housing, they will be treated by Income Support as the same. They will have a rental need and, depending on their own circumstances, their own income, their own family circumstances, they will be supported up to a certain level. The existing budgets of £22 million to £23 million will move into the whole pot of Income Support. It will not be just Housing money. It will be Income Support money and so that is how it will operate.

Deputy R.G. Le Hérissier:

Sorry, can I build on Graeme's question? Paul, obviously the feeling is the system is running out of control at the moment. This has been stated many times, as we well know. Although you say it is on

the basis of need, presumably people stuck paying high rents in the private sector, although will still say they need it, although you obviously do not do things about those at the higher earning end, I mean, you must have some thoughts about how you are going to change things so that some of the alleged overpayment can be dealt with and so that you can stay within budget, because there is a real fear, particularly with the 5-year rule that you are introducing, that we may lose even more control of the situation.

Senator P.F. Routier:

There has been a general statement that the existing scheme is running out of control. I would say that certainly people who have higher incomes have been able to benefit from the existing system, whereby the new system will not continue that. People who are paying high rents -- admittedly there will be -- we will only pay up to a fair rent with the new system, but if people have low incomes and are paying highish rents they will be supported. What will not happen in the future is people who have high incomes will not be supported as they have been supported in the past. It is going to be a shift of using that money better and directing it to those people who are in need rather than the current system where the Housing Minister himself does say that it is overgenerous and it is out of control and it is a sweeping statement which attributed to everybody who receives rental subsidy is probably a bit of an exaggeration, but if you just focus on those people at the top end of the income scale, probably that is a fairish statement.

Deputy R.G. Le Hérissier:

From your point of view, Paul, that is the only thing that is seriously wrong, is it, with the current system, or do you feel there are other things that need looking at as well?

Senator P.F. Routier:

Well, the existing system will not exist. We are starting with a clean sheet of paper with regard to rental because it turns it on its head, the existing system, whereby we look at an individual's financial need and if they require a top-up for rental for them to be able to have an adequate standard of living they will be topped up. But what it will not do in the future is to continue to give fairly generous support to those people who have highish incomes. When you consider that even a family that is earning perhaps £900 a week in the existing system can get topped up by the rent rebate and rent subsidy system, I mean, I do not think it is appropriate and that is what people are saying to me, that they do not think that is an appropriate thing to continue to do. So we are going to shift the emphasis of the scheme to make sure that people who are most in need get the money.

The Connétable of St. Martin:

I was thinking along these lines. I have a pre-prepared question: does the department propose to means test the applicants for rent rebate and/or rent abatement? Obviously you have sort of skated around this

because it all sounds very mysterious. I would be sure at around about this time you must have something in your mind about the systems you are going to apply. You have?

Senator P.F. Routier:

Yes, certainly.

The Connétable of St. Martin:

But you are not prepared to tell us?

Senator P.F. Routier:

I thought I had, but certainly people will have a needs assessment made of them. It will be their financial circumstances and also their physical, their care needs. It will all be one assessment and once that is known - what their living conditions are, how much money they need to live on and how much they need for child care support and how much they need for caring - all those various components will be added together and then their income will be deducted from that and we will top it up. You do give the impression that we do not know what the system is going to be. I think the States have debated the system and we have -- you just flashed it in front of me, proposition 86/2005. The States have agreed how the system is going to work so that is ...

Deputy A. Breckon:

Can you explain the transition, Paul? I think there is going to be some transition period from the existing system to what you described. Can you just remind us how long that is over and give us some idea of how that will work?

Senator P.F. Routier:

That still has to be debated by the States, but to give you an idea of our thinking at the present time - and it is not just focusing on rental - the answer I am going to give you, it talks about Income Support as a whole package, so if somebody's components that add up to a certain amount of money ... it is difficult to give an example because it is such a wide variance of the way people can receive benefits. But if the amounts of money they currently get in benefits and support is at one level and then they are assessed at a lower level under the new system, the transition from moving from one to the other, it is agreed that for a number of years we have been given £20 million overall by the Treasury and the States have approved it, to protect those people because it is recognised that we cannot take money away overnight from people who are currently receiving benefits because I believe that is unfair. So, until the States have decided what the length of transition will be, it is difficult for me to give a firm answer, but certainly the intention is for between, say, 3 and 5 years we would protect people on a graduated basis so that they got to the level of the Income Support that they would receive in the future. But it is very difficult to -- because people's circumstances -- everyone is different and their own income is different

and their care needs are different, to give you a sort of like: "They will be protected by such and such over a period." It is very difficult to give a --

The Connétable of St. John:

I would presume by that you are saying somebody that has a fairly small transition might be given a couple of years to come up to par and then there will be others that will have quite substantial differentials?

Senator P.F. Routier:

Yes. I think we are probably looking at not necessarily the amount of money that transition is; we might perhaps look at pensioners having a longer transition period because they have set incomes, whereas somebody who is in work might have a shorter period. We are generally thinking along those lines at the present time, but the States are going to make that decision when we debate the transition arrangements.

Deputy A. Breckon:

Can I just ask a question regarding the rental income from housing that will be transferred to you? The first one of that is has there been any financial appraisal of what the future will bring? For example, if you take 800 tenants out who buy property, or were high paying in rental terms, what will that do to your revenue income and what could it do to the Income Support system? Because the high payers are paying money in, which is paid out to other people, which you will be in receipt of. You take away that source of income, where are you --

Mr. R. Bell:

We do not get transferred the rental income budget. The rental income budget stays with Housing.

Deputy A. Breckon:

But the income that they get, that they are going to give you, comes from rental income.

Mr. R. Bell:

This completely separates the 2. There is no link any longer between rental income and rental subsidies. So the subsidies will be in the Social Security budget, rental income in the Housing. There will be no link to one and the other. There may well be a correlation, so if 800 people did leave the scheme then we would have 800 rental subsidies, other components that no longer would be paid. So that would see a reduced -- well, would not necessarily see a reduction in the budget, but you would not necessarily need those amounts of money any longer.

Deputy A. Breckon:

But those people are not receiving subsidies; those are people who are paying maximum or fair rents which are subsidising other people. Now, that rental income is Housing's to transfer to you, which is not going to come to you.

Mr. R. Bell:

No. Housing, once we split the budget -- our budget is funded from the taxpayer. Once it is split there is no direct relationship between our budget being dependent upon rental income.

Deputy A. Breckon:

So, Housing's transfer to you would be a temporary arrangement, then?

Mr. R. Bell:

No, Housing's transfer would be permanent and then there would be a complete de-linking of the 2. There is no linking going forward between rental income and the budget for Social Security.

Deputy A. Breckon:

Can I just come back to that, because Housing's contribution to you comes from rental income.

Mr. R. Bell:

Yes, but Housing -- you see, all this amounts to is a budget transfer. Once the budget is transferred, that is it. There is no other -- they will not give it to us every year. It will go into the Social Security base budget. It will not be in the Housing base budget. They will not pay us money every year. We will have our budget increased.

Deputy A. Breckon:

So what you are saying is the amount that stands for abatement and rebate would then be transferred to your budget?

Mr. R. Bell:

Permanently.

Deputy A. Breckon:

Yes, permanently, without reference back to Housing?

Mr. R. Bell:

No.

Deputy A. Breckon:

So, arising from that, then, who sets the rental policy for Housing?

Mr. R. Bell:

Who sets rental policy? That primarily is the responsibility of the Housing Minister.

Deputy A. Breckon:

So how would you fund that if they go for a 10 per cent or 20 per cent increase?

Mr. R. Bell:

That is where States departments have to work together in that it should not be news to the Social Security Minister if the Housing Minister is due to increase his housing -- sorry, housing rentals, and that they should all be planned and, therefore, brought into the business planning process so we should know what sort of increases we are looking at and the impact on Income Support.

Deputy A. Breckon:

What would the policy be -- because there has been an increase in rent subsidies and abatements over the years, how does this fit in with future Income Support? Is there any growth in your Social Security budget to fund this or are you spreading the same money further?

Senator P.F. Routier:

We will ordinarily get the benefit upratings as planned in the Business Plan projections. We are being allocated an increase each year. I think it still needs to be finalised exactly whether it is cost of living or --

Deputy A. Breckon:

Some are dynamised, are they not, by the employment earnings so there is --

Senator P.F. Routier:

Yes, but they will not exist in the future, all those benefits, so that those automatic upratings will not be there. But you have been speaking to the Treasury recently --

Mr. R. Bell:

There is no growth money over and above maintaining the current value of the benefits in accordance with RPI (Retail Price Index) or average earnings, whichever it turns out to be.

Deputy R.G. Le Hérissier:

Sorry, Richard, just building on Alan's point, I think what Alan was saying - and, of course, obviously he can say it better than me - is that there is some cross-subsidy going on in the way that Housing administers it at the moment, and basically it has stolen, so to speak, from its maintenance budget in order to keep the rent subsidy and abatement systems going. That seems to have been the allegation we

have heard from them. So when you get this money from the Housing budget, would it be cost neutral? In other words, you are going to get a sum of money that has notionally been seen as the subsidy money. Overall in the States budget it should lead to no increase, is that correct, other than normal inflationary increases?

Mr. R. Bell:

I knew about the transfer from Housing to Social Security. I do not know in the wider context what the plans are for the shortcomings in the maintenance budget.

Deputy R.G. Le Hérissier:

But you will get from them a sum of money that they currently pay out or that they allocate to subsidy abatement?

Mr. R. Bell:

My understanding is at the moment that it has always been planned this way that the budget comes across.

Deputy R.G. Le Hérissier:

As Alan was indicating, we have been told that this budget has these pressures within it, that they are having to raid maintenance, so to speak, in order to keep the subsidy side going.

Senator P.F. Routier:

We have an assurance from the Treasury Minister that the full allocation of the rental subsidy money will come to us.

Deputy A. Breckon:

What proportion of people who are in receipt of rent rebate or abatement have you picked up with the Income Support forms that you have already had submitted? Are you picking everybody up, do you think, or are you going to target them specifically? How is that going to work?

Senator P.F. Routier:

Well, currently the existing Housing tenants, or private rent rebate claimants, are being assessed as they normally are in the Housing cycle, and we have been sending out forms in the usual process as Housing have been doing. So, they have been coming in gradually. The Housing people are probably the ones who are most used to filling in the form as they have been doing for years, so it is a normal process for them. And, of course, some of them do duplicate with our own benefits as well, and that is what we are finding, is that anybody that has been claiming a housing benefit are tending to fill in the form ordinarily, as they have been doing for years.

The Connétable of St. John:

At the moment within the Housing there is something like I think about 27 per cent of Housing's tenants pay top rent and do not fill in any abatement forms at all, which obviously they are going to be caught in the net. So we do not know what they are earning. They could be earning phenomenal amounts of money and they will not fall into -- if they are earning good money they will not fall into your net for you to be paying subsidies to them.

Senator P.F. Routier:

My understanding is that they would fill in a form anyway.

The Connétable of St. John:

No, they do not fill in abatement forms if they pay full rent. Not the rebate. I am talking about the abatement. Not the private sector. I am talking about the abatement of the States. If they pay full rent for their property they do not fill in an abatement form, so they do not know what income they have.

Mr. R. Bell:

If they were not attracting a rental subsidy, you could more or less guarantee they would not attract Income Support benefit. So we do not need them to submit an application if they are not going to fall within the Income Support scheme.

Deputy A. Breckon:

If they had another need then they would be assessed as a whole household and they could qualify for a housing element, depending on the assessment?

Mr. R. Bell:

You qualify in the round for Income Support, in total, you qualify for components that are attributable to you, but you do not receive just one component, you receive what the calculation comes out as your total benefit.

Deputy R.G. Le Hérissier:

So there is every possibility, Richard, building on Alan's point, you may find some previously unmet needs. Like, if people are caring for people at home, for example, and they have not asked for our States support before and you start to get a feeling that there are lots of those people out there, when you analyse their income you may well find you have to provide them with perhaps more than you expected. Is that correct?

Senator P.F. Routier:

A lot of people, for instance, the caring side of it you are just talking about there, available to them currently is the care allowances which we currently provide, so I would have thought if they were in financial need they would have been applying for those currently. So there may be people out there who have not been applying but I would have thought for Social Security benefits there has not been any reluctance of people to claim benefits.

Deputy R.G. Le Hérissier:

But previously, Paul, they would not have seen housing as being part of their broader entitlement necessarily, would they? There might be some who will say: “Well, now you have assessed me in that way, it is necessary that I get housing support.”

Senator P.F. Routier:

Well, that will come out in the wash when the form is filled in, certainly. I do not see that being a problem. I mean, if people are due and need support we should be in a position to be able to support them.

Deputy R.G. Le Hérissier:

But is it not correct you have said in the States - and particularly when you were discussing the 5-year rule - the fact that there will now be entitlement at the 5-year point? You could well be met with a rush of previously unmet needs, or unstated needs, but yet you are going into this exercise with a tight budget. The budget cannot vary according to the needs you meet, can it?

Senator P.F. Routier:

We know we have a budget which needs to be kept to. Certainly the calculations which my department are making and have been making over a number of months is indicating that having the 5-year rule is affordable with the budget we have and there is obviously some assumptions that have to be made and assumptions, I am being advised, will stand up.

Deputy R.G. Le Hérissier:

But does this tie in, Paul, with your contention that supplementation is going up -- our favourite topic. I had to bring it in somewhere.

Senator P.F. Routier:

Mr Chairman, does this relate to this topic?

Deputy R.G. Le Hérissier:

No, no, supplementation is going up and you thought one of the reasons might be that there are a lot of low wage-earners out there, perhaps more than we thought, and if there are presumably these people will

benefit from the Income Support system. Is that correct?

Mr. R. Bell:

Can I just jump in and take the opportunity to point out that people get supplementation up to an average annual salary. This is an individual annual salary of over £38,000. So the notion that supplementation is just for those on low incomes is probably misstated. Yes, there are people on low incomes, but you do get Income Support of -- sorry, not Income Support, supplementation. That is an individual, so if you had 2 such individuals in a household you can see how the supplementation budget becomes as large as it is. Sorry.

Senator P.F. Routier:

That is all right.

The Connétable of St. John:

With regard to all the States tenants that are getting rent abatement and subsidy at the present time, do you intend to write to all of them to get them to fill in your Income Support, doing it independently, or are you relying on them coming to you?

Mr. R. Bell:

What we have been doing is as everyone goes through their rent review every year, what has been happening is the Housing subsidies team is already located in the Social Security building. As and when they are written to from Housing, that form is doubling up as the Income Support initial application form. So, we are talking to all of them through the Housing rent review system.

The Connétable of St. John:

So, on that basis, how would you get to the ones that are paying full rent that do not fill in abatement forms? I mean, obviously there are a number, 27 per cent I think it is, of States tenants that are not claiming any rent abatement, so no need to fill a form in. So if they were to claim from you they would have to come separately.

Mr. R. Bell:

Yes, they would.

The Connétable of St. John:

Because for these people there is no means testing, there is no way of knowing what they are earning. They could be earning phenomenal amounts of money and then renting a property at something like 80 per cent of the market value.

Mr. R. Bell:

If they are earning phenomenal money they are not going to get support from Income Support. They will have to fill a form out because they will not be applying for Income Support. If there are any Housing tenants out there who are not entitled to rent subsidies, but through some quirk - and I cannot quite figure out how it would work - but are also in receipt of other benefits, so what we are also doing - there are 14 different benefits here that are going out to those existing beneficiaries with an Income Support form. So we have been doing it internally. We have been doing Housing, we have been doing our own clients through family allowance and such like, and we have been doing it through the parishes as well. So we are writing to everyone who is on a current benefit, be it a Housing benefit or be it one of the other benefits. So, if there is someone, for example, who is claiming family allowance and not claiming Housing - which I would be very surprised if somebody is, unless they are not entitled to Housing benefit - we will be writing to them as recipients of family allowance.

Deputy A. Breckon:

Have you had lots of discussion with Housing so that you can convince -- you mentioned the staff transfer, but are you content that their figures are robust? You know, the transfer when this is happening, that this is not going to leave you with your estimation, their estimation and the contention that --

Mr. R. Bell:

We have been working in 3-way discussions between Housing, Treasury and ourselves, so this will be pinned down. In terms of administration, the Housing team have been in the Social Security building for over a year now.

Senator P.F. Routier:

The Chief Officer and the Assistant Minister for Housing have been involved with our political steering group for a couple of years now. So they have been sitting in with us on a regular basis with the Treasury Minister and the Constable of St. Helier and others, so we are meeting on a regular basis. They have been with us through all the development of this, so should be well aware of --

Deputy A. Breckon:

Are you comfortable as well with the private sector development of this as well as the States rental sector of the subsidy estimates and what may happen?

Senator P.F. Routier:

We will not be treating private sector or the Housing Department or Housing Trusts any different. People will be coming -- if they need support with rental amounts, regardless of where they are living we will be meeting their need for rental support as well as all their other needs.

Deputy A. Breckon:

What about the 5-year element of that housing? Are you confident you have that right? You have people at the 5-year residence who will now qualify for housing subsidy.

Senator P.F. Routier:

Well, currently the parishes do support people after 5 years. That is what currently happens and we are replicating that, so that the parishes obviously have been using their budgets and we have now taken that over, so that system still exists. The judgment and the assumption which is being made with regard to if there -- the Housing Minister I know has been making statements that it is a gamble, it is too big to make or whatever. My take on that is that with all the Income Support I believe that 5 years is an appropriate length of time for people to have been contributing to the community, and if they do fall on hard times that we should be in a position to be able to support them. The financial consequence of that is that we believe that the majority of people who are within that group, between 5 and 12 years currently, are economically active people within our community and that they would be -- they would have been here for 5 years, they would have contributed to the community and I believe it is fair that they should be able to be supported. The financial equation, my recollection of how much that could possibly cost is something in the region of about £1 million.

Deputy A. Breckon:

What about these overall general measures of the Housing component into Income Support? Do you see it having any difference on the price - that is the rental price of housing - or people's choice or availability? Will it distort the market in any way, do you think?

Senator P.F. Routier:

Income Support I believe will support people at a fair level for rental. We know that we do not have an indefinite amount of money to use. We know that we have to control that, so we are going to be able to pay on a par with probably what are the fair rentals currently which are assessed by Housing and we will be working to figures and that sort of thing. So we cannot afford to allow our subsidy for rent, the rent component, to get out of control. We just cannot afford to do that, so we have to recognise -- and no doubt the market, the housing committee, the housing trusts, will have to recognise that. It is not going to be them -- it is not us that is going to lead the price going up. We are going to be restricted by the amount of money that we have.

Deputy A. Breckon:

Could you confirm that the assessment would be on a household? So, if you had mother, father, son and daughter all earning then their housing component would be assessed on the family and not just the mother and father with children living at home as previous.

Senator P.F. Routier:

It depends on the age of the children. There is the ability for a household to be made up of various different ways. Obviously if people are financially interdependent, it is a family with a husband and wife ... it is getting less and less these days but if it is a circumstance where it is a mother and father and with a couple of children at school age and they both are working, their total income will be taken into consideration. Even if there was a child that was younger, prior to school age, there would not be a requirement for -- one of them, I will not say which, could stay at home and not be required to work as long as one of them was out attempting to get some income to help to support their needs. That is the requirement we would put on that.

Deputy A. Breckon:

You have touched on an interesting point there. Can you just confirm that now it will be a requirement that households are seeking work, if you like, before they would qualify for housing assistance?

Senator P.F. Routier:

Correct.

Deputy A. Breckon:

That is correct, which does not apply now?

Senator P.F. Routier:

For housing.

Deputy A. Breckon:

For the housing component?

Senator P.F. Routier:

That is correct, yes.

Deputy A. Breckon:

So, that is changing the rules. Are people aware of that?

Senator P.F. Routier:

I believe so.

Deputy A. Breckon:

You believe so because you have told them or you just believe so? Do you have that information? Have they had any information to say that this is changing and you need to be either seeking work or in

work before you would qualify?

Senator P.F. Routier:

I would have thought that people are aware of it. I mean, we have not written to everybody individually and told them that but certainly it will be, I believe, a requirement -- well, I know it will be a requirement for people, if they are able, to seek work. That is certainly -- after all the consultation we have had amongst all sorts of people in the community, I believe that is right, fair and proper that people who are able to support themselves do do so. Obviously if somebody is looking after a child who is at school, we will not make a requirement below 5, I think it is, we would not put a requirement for somebody to be seeking work. If someone is caring for a disabled person there would not be a requirement to work. Any others?

Mr. R. Bell:

Over 65.

Senator P.F. Routier:

Over 65 would not be required to work.

Deputy R.G. Le Hérissier:

So, if you deem somebody suitable to work, or capable of working, and for some reason they refuse to do so, Paul, you will simply not give them the allowance, is that correct?

Senator P.F. Routier:

You will be debating that.

Deputy R.G. Le Hérissier:

What is your view?

Senator P.F. Routier:

There needs to be some carrot and stick with the system, certainly. We will have work advisors. When people come into Social Security to claim Income Support they will be directed to one of the work advisors and they will need to show some effort in getting work and the judgment will have to be made at some stage - and that decision has not been made yet - at what stage do you think about restricting any payment that is being made. But that has not been found out yet, unless you know any different.

Deputy A. Breckon:

I wonder, Paul, if you could comment on the property that people occupy. As you know, at the moment there is a restriction; like, I could not get a rent rebate on a 5-bedroom house. It is supposed to be

appropriate to your needs. Do you still intend using this criteria for whether people would qualify? For example, if you had one person in a 3-bedroom house you might give them a housing component but you might decide that they are not in an appropriate property so you could say: "We are not going to subsidise you there, but we will subsidise you in an appropriate property." Is this within the guidelines?

Senator P.F. Routier:

Yes, certainly. We will only support people with rental needs for an appropriate size property.

Deputy A. Breckon:

So, if I had a 3-bedroom house you would only, say, assess me on a one-bedroom flat or something like that?

Senator P.F. Routier:

If you were living by yourself, certainly.

Deputy A. Breckon:

Okay, so that is the situation at the moment.

Deputy R.G. Le Hérissier:

Do you think, Paul, if you do, and I know that you said the Constables do help, but of course they give discretionary help at the moment as opposed to help as an entitlement. There is a major difference. But assuming you go ahead with granting rent rebate to people over 5 years, why should we then refuse them access to States housing? Are we going to be able to sustain that situation, do you think?

Senator P.F. Routier:

It has not been identified to us that that is a problem by the legal people. It is 2 separate issues.

Deputy R.G. Le Hérissier:

It has been checked for human rights, has it, this proposal?

Mr. R. Bell:

We are yet to have final sign-off, but I understand there are no fundamental issues remaining and the primary legislation, of course, has gone all the way through to more or less end.

Deputy R.G. Le Hérissier:

Do you think it is fair, Richard and Paul, that on the one hand --

Senator P.F. Routier:

You cannot ask him if it is fair.

Deputy R.G. Le Hérissier:

Sorry?

Senator P.F. Routier:

You cannot ask him if it is fair.

Deputy R.G. Le Hérissier:

No, no, no. But, I mean, in terms of how it is structured?

Senator P.F. Routier:

Yes, I do. I mean, I believe if someone has been on this Island for 5 years contributing, paying their way, and they have fallen on times where they do need support, we should recognise that and support them. To me that only seems fair. I really do.

Deputy R.G. Le Hérissier:

Yet you are going to deny them access to the States housing sector.

Senator P.F. Routier:

I am not going to deny them. I am not going to deny them access to accommodation. You would know the housing market as much as I do, but the Island does have a shortage of housing accommodation and we have a system which restricts it to those people who have been here a bit longer. And I welcome that it has been reduced down to 10 years eventually, but I do not see that there is an issue between financial support at 5 years and allocation at 10 years.

The Connétable of St. John:

Back on the housing subsidy that you anticipate giving people, obviously somebody 5 years coming in and looking for some housing component from you, how are you likely to be able to value that, bearing in mind that the Housing Committee will not have any guidelines on that? Because it is likely to be a lodging house and that sort of thing. How are you going to apportion any housing component to people living in lodging houses, one room?

Senator P.F. Routier:

I do not know if we have got that far yet, have we?

The Connétable of St. John:

It is going to be a difficult one, I would suspect.

Mr. R. Bell:

It will be. We will look towards the maximum being between what they are paying and/or what the fair rent is.

Senator P.F. Routier:

We will know obviously --

The Connétable of St. John:

You will have a guideline for a one-room unit, if you are looking at housing?

Mr. R. Bell:

One room unit, yes.

The Connétable of St. John:

Somebody in lodging accommodation, you cannot go to Housing and ask for a guideline because I do not think they have any.

Senator P.F. Routier:

They do have amounts for bedsits. If it is just a room in a house there is not -- we may have to introduce something for a room in a bedsit.

Deputy A. Breckon:

In general terms with the housing element of Income Support, does it fit in with thresholds and ceilings of other benefits, or is it possible to get some qualify for part of some benefit but not another on a general assessment?

Mr. R. Bell:

Only if, say, you take the example of a benefit that relates to your medical condition or your mobility or whether you have a child, otherwise it is across the board the same.

Deputy A. Breckon:

So, it is a general assessment for which a housing element could be built in?

Mr. R. Bell:

It is just a part of it, yes. Quite a large part of it, but yes.

The Connétable of St. John:

Would you tend to agree that any reduction in subsidies to the private sector is likely to result in an

increased demand in social housing demand?

Senator P.F. Routier:

That was one of your prepared questions, was it not?

The Connétable of St. John:

It probably was.

Senator P.F. Routier:

Yes, that is what I thought it was. We do not believe there is any difference between the 2, between private sector and housing.

The Connétable of St. John:

Is that one of your prepared answers?

Senator P.F. Routier:

Yes. Well, that was off the top of my head, but certainly the way Income Support is going to operate there is not going to be any difference between a Housing Department owned property, private sector property, or housing trust property. It will be down to the --

Deputy A. Breckon:

Because what they have done, if I can say something there, there is -- say there is a 2-bedroom flat in the private sector, the subsidy is up to a set level but the rent can be higher than that, so Housing have drawn a line so as not to push it too far. But in general terms you are going to keep a handle on that and do similar things, are you, as part of that?

Senator P.F. Routier:

Yes. There will only be a maximum amount we will pay for any type of accommodation.

Deputy A. Breckon:

Because the other thing from the question, of course, if you were not giving the money to the private sector, or to a greater extent, then it could fuel that particular market, but it also could deflate it and people could look to get in the States sector. That was the question, is if the private sector was taking off price-wise. So you are aware of that and that is factored in?

Senator P.F. Routier:

Yes, certainly. I mean, what we need to recognise is that Income Support will be a level playing field across the different types of accommodation and if people are in the community and they are paying

more than what we are paying them in benefit, well, that is a decision that they will be making but it is not something that -- we are not going to increase our rental component of Income Support to match whatever people go out there and go and pay in rent.

The Connétable of St. Martin:

Would you think that the new Income Support system will tend to bring down the level of private rents?

Senator P.F. Routier:

I do not think I can answer that. Who knows what the market will do? I would like to think so --

The Connétable of St. Martin:

Good idea, yes.

Senator P.F. Routier:

It would be good if it could but the market will decide obviously, as it always does, but as the States will need to control the amount of money it has available for benefits we will have to try and keep a handle on it, really.

Deputy A. Breckon:

How confident are you that the money you pay to individuals will be given to the Housing Department?

Senator P.F. Routier:

We are looking at the option currently of people having the ability to allow us to pay the money directly to the Housing Department. It is something that is being finalised at the present time.

Deputy A. Breckon:

Because if it is 4 weeks before Christmas and somebody gets a cheque for a month's benefit or something like that, including a housing component, then the kids want things and there might be a --

Senator P.F. Routier:

Income Support will be paid weekly for a start, and we know that people who are being supported by Income Support may have a problem with managing their finances and we will put in place -- within the law there is the ability for paying third parties, so it is possible for us to pay directly to not only housing, to other people as well.

Deputy A. Breckon:

Just on a tangent to that, that would be by cheque; you have not thought of debit cards and things like that to assist them in managing their money?

Senator P.F. Routier:

What would be by --

Deputy A. Breckon:

Well, if I had a card you could credit my card with, say, £150 a week and I can then give that to people without having the money and I can get £30 in cash myself rather than get a cheque and go off to the bank. We are still on paper and we are still on cheques and mailing things out and things like that.

Mr. R. Bell:

Preferably payments would be made by banks into people's bank accounts. The issues arise where people do not have bank accounts, rather than giving them a cheque to take to the bank. We are not at the stage yet where we would be able to offer a financial services card and it is far from clear whether that is the right way to go. It would be some way down the line to go to that sort of offering and the sort of offering whereby someone does not have a bank account and we charge a card but they can put it into an ATM, or they can use it in a shop. We are not quite there with that technology just yet.

Deputy A. Breckon:

Although it is 2 years old in the UK. The Post Office do it for pensioners without bank accounts.

Mr. R. Bell:

We still pay a great deal of pensioners through order books.

Deputy A. Breckon:

How far have individuals been assisted, if you like, or advised about banks and transfers? Do many people do it already?

Mr. R. Bell:

I would not be able to give you the statistics off the top of my head but we have had a push over the last year to move quite a lot of our beneficiaries towards banks. The danger, I suppose, or the area of greatest interest will be at the parish client base. We are told that a lot of those do not have access to bank accounts for all sorts of reasons and the banks perhaps offer bank accounts in some circumstances, so then we are down to cash.

Deputy A. Breckon:

Just one more question arising from today and the discussions. That is, how often will the assessments be redone? Because you can assess me today and pay me money and then in 3 weeks' time my circumstances have changed, but if you are then into a payment system, how often do you revisit what

you are paying people?

Mr. R. Bell:

It would depend upon the circumstances of the individual. If we have someone on a largely fixed income, say, if you take a pensioner, we are going to be looking at probably an annual review of theirs but they would have the obligation to inform us of any changes in their circumstances. Those probably in their 30s or 40s and are not working and seeking work, we would look at them more regularly. Again, as with existing systems, there will be an obligation for individuals to advise us of changing circumstances.

Deputy A. Breckon:

Graeme, do you have any other questions?

The Connétable of St. John:

Only on the investigation side of things, because there are obviously people that do like to buck the system as and when they can, but I would assume they would be reasonably known to you.

Senator P.F. Routier:

And the question is?

The Connétable of St. Martin:

Will you prosecute? Will you prosecute vigorously fraudsters?

Senator P.F. Routier:

We currently have a compliance department who deal with all our benefit systems currently and we are aware of people who tend to do these things. With regard to prosecution, I leave that to ...

Mr. R. Bell:

We already prosecute.

The Connétable of St. Martin:

Sorry?

Mr. R. Bell:

We already prosecute and continue to do so.

The Connétable of St. Martin:

I think my colleague here is touching on the situation whereas the Income Support is going to be a new big thing full of possibilities, and I notice the penalties laid out in the law are quite swingeing. That is

fine providing that you make some examples, and I think this is the question that you were asking.

Senator P.F. Routier:

I think what we need to remember is that the new system is going to identify where information is being perhaps different given to one department as given to another department in the past. Bringing together all this information into one place is going to iron out a lot of the wrinkles that there have been in the past, so I think that will help a great deal, but we will be prosecuting people if they are not behaving themselves and that is why the law was written that way, so that we are able to do it, and our compliance department do that now with our current benefits.

Deputy A. Breckon:

Roy, did you have anything else?

Deputy R.G. Le Hérissier:

No.

Deputy A. Breckon:

I did say at the start if there is anything that you wish to tell us that we might have omitted or anything you wish to say now is the hour, as it were.

Senator P.F. Routier:

I think one of the things that has been useful out of this afternoon is the bedsit issue with regard to getting a level for the bedsits because that has not been in the calculations that we have been looking at, so that has been useful. Thank you for that.

The Connétable of St. John:

I will send the bill.

Senator P.F. Routier:

Do you have anything else?

Mr. R. Bell:

No. I had thought of something else but it was unconnected.

The Connétable of St. John:

Nothing you want to tell us about?

Senator P.F. Routier:

It was something else his mind was on.

Mr. R. Bell:

No, it came out of the -- whether we were going to take benefits away, and the way that we are currently looking at doing so would be to take -- obviously you could find a family circumstance where it might not be quite appropriate to take away the support that is there for the children but it would be appropriate to take away the support that is there for that individual. Where that differs would be where there is only that one person in the household. So I was asking myself a question there, whether we would then forego for the whole benefit as they are the sole beneficiary of that benefit, rather than just taking the element that relates to their personal element.

Senator P.F. Routier:

I have been in discussions about that previously and that issue has been discussed and certainly my intention would be to protect the children and the family and it would be, if anything, if there is going to be any restriction of benefit it would just be for the person who is falling foul and not playing the game, really. That would be my intention.

Deputy R.G. Le Hérissier:

It is a very difficult one, is it not? Because quite clearly the British system will operate on the basis of the more children you have the more benefit you get. Basically that is how it operates and you cannot be seen to penalise the children because if you penalise the individual because they require that, it appears to penalise -- it will impact on the children ultimately. It is a very, very difficult one.

Senator P.F. Routier:

It always has been this one. You can just hope that the Social Services side, not Social Security, the Social Services side, will be able to support people and families and keep an eye on that sort of thing if things get into --

Deputy R.G. Le Hérissier:

But if somebody says: "I am not going to work", basically, or they string you along, you know, they give you letters, they go to all these chats and interviews and so forth, but at the end of the day you deduce that they are not being terribly serious about this, what are you going to do in that situation?

Senator P.F. Routier:

We have the ability to stop the payment.

Deputy R.G. Le Hérissier:

Yes, even if there are kids in the household?

Senator P.F. Routier:

What I was saying before is that I would protect the benefit for the children. That is the intention certainly so that the children do not suffer. There needs to be some mechanism, if people are fit and able to work, to get them to improve themselves, really, and support themselves.

Deputy A. Breckon:

Thank you for coming along, for your time and effort. That was certainly useful. You know in procedure we get the proceedings transcribed and you get a copy. If you said 36 when it should have been 56 there is the opportunity to change that, so obviously you are not on trial for anything yet. So that comes later when all the information and the facts and the figures come out, but thank you for that and you will get a copy of that and then there will be 3 or 4 days for you to comment on that, and then what happens is it becomes a matter of public record. As you can see, because the crowd have stayed away, as is usual with these hearings -- it is open to the public and the media and anybody else, but they have not flocked here in great numbers. On occasions they have, but anyway, thank you for that. Thank you very much.

Senator P.F. Routier:

A pleasure.

Deputy A. Breckon:

We will now adjourn until 4.30 p.m.