

2.2 Deputy G.P. Southern of St. Helier of the Minister for Social Security regarding the sustainability of the Income Support rental component under the Housing Transformation Plan: 1(404)

Is it the Minister's assessment that the current sums required for the income support rental component, under the Housing Transformation Plan, are sustainable in the medium to long term; if so, will she explain why; and if not, will she inform Members what measures she has under consideration to ensure that taxpayers' money is not used to support high rents?

Deputy S.J. Pinel of St. Clement (The Minister for Social Security):

Members who were here in 2013 will recall the significant detail that was provided to support the Housing Transformation Programme and the decisions that the States made in 2013 and 2014. The full business plan that was prepared at that time ran to 122 pages and set out in detail the financial impact on the income support system of the proposals. Since 2014, my department has been fully funded to meet these costs. They are included in our base budget for the current Medium Term Financial Plan and I am confident that this will continue to be the future case for future M.T.F.P.s (Medium Term Financial Plan).

2.2.1 Deputy G.P. Southern:

There may have been over 100 pages to the document but, certainly, I was not aware, and I do not think Members were aware, that the total additional bill, by chasing 90 per cent rents, is, according to these figures given on the answer to question 16, a total of an additional £30 million over the 10-year period 2000 and 2009. Can the Minister justify this and is she confident that this rapidly increasing sum is sustainable in the long term?

Deputy S.J. Pinel:

The question that the Deputy has asked is relating to 2 different timeframes and we have answered the written question, which is a different timeframe from the numbers that have now been projected for the 10 years from 2019 to 2029, which are 2 different questions. The cost of rental support within Income Support is rising and the 2 components that have been consistently increased are the rental component and the childcare component, as the Deputy will know.

Deputy G.P. Southern:

Point of clarification, if I may.

The Deputy Bailiff:

There is not an opportunity for a point of clarification ...

Deputy G.P. Southern:

The Minister has not answered the question. She says there are 2 different timeframes and they are not. The question says "in the medium to long term". Can she give us an answer on sustainability in the medium to long term now?

The Deputy Bailiff:

Well, the Minister has answered in the way that she has chosen to answer, Deputy. You do have a final supplementary question when you come to ...

Deputy G.P. Southern:

And we have a new ruling in the House, Sir, that answers to questions are supposed to address the question, do we not? In this particular case the answer given is to avoid the very question.

The Deputy Bailiff:

There is no change to Standing Orders in that regard, Deputy. That is in the pipeline, I understand it, but there is none at present.

Deputy G.P. Southern:

I do apologise then, Sir, for implying that you are failing in your duty.

The Deputy Bailiff:

It did take me by surprise to find there was a Standing Order that I did not know anything about.

2.2.2 Deputy T.A. Vallois of St. John:

What role does the Minister play in ensuring that private rentals meet decent homes before handing over taxpayers' money, especially with the bill reaching an extra £10 million by 2029?

Deputy S.J. Pinel:

The Treasury have indicated in the Medium Term Financial Plan that they will support the increasing costs of the States social housing into the future. Obviously, the next Medium Term Financial Plan will tackle that, but Treasury have indicated they will continue to support the increase in the rental component.

2.2.3 The Deputy of St. John:

My question was referring to private dwellings, not social housing. My concern is that there is no particular framework around the way that we provide this money to private rental sector and I am asking the Minister for Social Security what her role is in ensuring that these private rentals are meeting decent homes standards before this money is handed over to private landlords.

Deputy S.J. Pinel:

Social Security and Income Support do not control the private rental sector. Sorry, I am getting a conversation from my right. It is very difficult to answer the question. The work being done by Andium and the other housing trusts are improving the quality of social sector accommodation, providing warmer, better insulated homes with better facilities and outdoor space. The average price is assessed on that, the rent is not controlling the private sector.

2.2.4 Deputy M. Tadier:

The Social Security Department put conditions when they hand over money to unemployed people. They make a condition that they have to be a job seeker. Why is it that rich landlords are allowed to be handed over millions of pounds of taxpayers' money in Jersey with absolutely no condition and regard for the state of the property to which the taxpayer is subsidising that property?

Deputy S.J. Pinel:

I am not quite sure I understood what the question was there, but as I have said before, Social Security does not control the private sector. The rental component is capped at a rate that is the average cost across the board of rental accommodation, which is broken down into units, as the Deputy will know, and the figures are there for anybody to see as to what the average cost of these units are.

2.2.5 Deputy M. Tadier:

Does the Minister accept that conditions can and are used when handing over benefits and that rental benefit, which ultimately benefits the landlord, can come with conditions? Does she

agree that conditions are a reasonable mechanism for her department to use? If she does, why is it not something that can be considered to be linked to private rental subsidies?

Deputy S.J. Pinel:

There are many conditions why people are in the homes that they are in and they are allocated when it is social housing on a basis of the requirements of the particular household, be it one, 2, 3, 4 bedrooms. The costings of all of those are summarised and available in the annual report for everybody to see. These figures do not include inflation, the projected figures, and the Deputy well knows that they are regulated with a cap and if people choose, in the private sector, to have something that is beyond the cap that is allowed to them on the income support then that is their choice.

2.2.6 Senator S.C. Ferguson:

I am a little confused. Do we have any work that has been done on the private sector relating to the rent that is being charged to the state of the properties and whether they are at a reasonable standard? There used to be a Rent Control Tribunal, which did that sort of work. Who does it now?

Deputy S.J. Pinel:

I think that is probably more a question for the Minister for Housing. But certainly from the point of view of Income Support, which this question relates to, it is across the board what Andium are doing, and as the Senator will well know, people do not have to pay an increased rent, which is up to 90 per cent of the market value, which is assessed as an average across all rental incomes, be it a one-bedroom flat or a 6-bedroomed house for a large family. These houses that Andium are producing now are including refurbishment, which, as I said in answer to an earlier question, now are reducing the amount of money that is paid out by Income Support in household bills, because of the insulation and increased suitability of the accommodation.

2.2.7 Senator S.C. Ferguson:

Yes, but in the theories of charging 90 per cent of the market rent, does the Minister not realise that the States are probably the major rental agent in the market and, therefore, is the 90 per cent of market rent dependent on the rents that the States are charging, so it is an ever increasing circle?

Deputy S.J. Pinel:

It is no doubt that with refurbishment of these properties, or building of new properties, the quality and valuation of the properties will increase. Therefore the rents will increase. But there is no question that the income support rental component will increase to cover those increased rentals.

2.2.8 Senator P.F.C. Ozouf:

While understanding the points made that subsidies that go into the private sector could increase rents, in relation to only the income support paid to housing tenants, in other words the associations and other such bodies, does the Minister agree that the current arrangement is in fact far more transparent and does have the significant advantage of showing the real cost of social housing provision, as opposed to the previous arrangements where effectively there was a hidden subsidy of millions of pounds or, even worse, that in fact there was a massive backlog of maintenance which was otherwise hidden? Does she agree?

Deputy S.J. Pinel:

I thank the Senator for his question. Of course it is much more transparent. The Deputy asking the question will have had all the tables and breakdown of the costs in the answer to the written question.

2.2.9 Deputy G.P. Southern:

I welcome Senator Ozouf back to the Back Benches. Could I ask the Minister, in an effort to clarify for all Members exactly what we have let ourselves in for with the new arrangements for rental support, could she (a) inform the House what the previous figures up until 2008 were, so we can examine what is happening now and what will happen in the future? Will she also reveal what will happen to the rental subsidy, through income support, in the period 2019 to 2030 and, therefore, truly look in the medium to long term? Will she undertake to give those figures to the House?

Deputy S.J. Pinel:

The figures from 2008 bear little relevance to the rental costs today.

Deputy G.P. Southern:

Is that a no?

The Deputy Bailiff:

If you would like to continue your answer.

Deputy S.J. Pinel:

The Deputy is well aware that we have provided figures which are and can only be estimates for rental increases in the future, but there is a guarantee from the Minister for Treasury and Resources, be it now, or in the future, that these rental components, at 90 per cent of market value, will be met, but it is a question for the next Medium Term Financial Plan.

Deputy G.P. Southern:

Point of clarification, if I may.

The Deputy Bailiff:

I am sorry, Deputy, a point of clarification is a point that you can raise during the course of someone's speech, if they are prepared to give way. This has to be dealt on a question and answer basis, otherwise there can be no sensible end to it.

Deputy G.P. Southern:

I do apologise, Sir.

The Deputy Bailiff:

Not at all.