

23.07.04

14 Deputy G.P. Southern of the Minister for Treasury and Resources regarding the impact of increases of UK Bank Rate on Jersey households (OQ.138/2023)

For one person that does recognise a cheque when he sees it, not very often. Will the Minister advise what information, if any, is available to the Government regarding the impact of the increases in the U.K. bank rate are having on Jersey households with mortgages, with particular regard to any level of hardship?

Deputy I.J. Gorst (The Minister for Treasury and Resources):

As I said in evidence to the Corporate Services Scrutiny Panel in November, the majority of Jersey mortgage holders hold 5-year fixed-rate mortgages and are, therefore, currently unaffected by the changes in the base rate and will not be until they need to remortgage. Officials discussed with mortgage lenders and were reassured to hear that mortgage lenders will work with any homeowners affected by base-rate changes and that there were no known homeowners at risk of losing their home. The Fiscal Policy Panel is also engaging with lenders to analyse how the recent changes in the base rate are affecting Jersey mortgage holders but our current understanding is that there are very few homeowners' mortgages in arrears.

3.14.1 Deputy G.P. Southern:

The information I am looking for has appeared in the U.K. that some 2.4 million mortgages are due to be renegotiated by the end of 2024 and I wondered if we had any data in Jersey equivalent to that sort of information, which is a level that I would hope that the Treasury can access.

Deputy I.J. Gorst:

The Treasury of course do not have that sort of information. The level of statistics that small jurisdictions like Jersey have, compared to large countries, there is a differential. I understand from the officials that have been speaking to banks, between my answer in November and my standing here this morning, 4 per cent of households will have likely needed to remortgage. The information from lenders remains the same in regard to stress and arrears.

3.14.2 Deputy L.V. Feltham:

Given that the increase in the bank base rate will have an impact on the day-to-day amount of money in people's back pockets, while the Minister may not have data available from banks, what other data or consultation is he doing to inform Government Plan processes and bring forward proposals to help people with the day-to-day cost of living and any impact of this increase in base rate?

Deputy I.J. Gorst:

As I have already answered, officials are continuing to engage with lenders. The Deputy will be aware that my colleague Minister wrote to banks yesterday. That letter has been put into the public domain. The Fiscal Policy Panel are this week on-Island, they are speaking to lenders as well; so that is with regard to any mortgage difficulties. There is of course a Cost-of-Living Ministerial Working Group which is chaired, again, by the Minister for Economic Development, Tourism, Sport and Culture and it is working on potential proposals which could feed into the Government Plan process, which is ongoing.

3.14.3 Deputy L.V. Feltham:

The original question referred to the impact on Jersey households. So does that include any consultation with Jersey households about what hardships they may be suffering at this point in time and how Government can provide distinct help with that kind of hardship?

Deputy I.J. Gorst:

Of course the question says households with mortgages, and that is of course why officials and Ministers are speaking to lenders and the F.P.P. are speaking to lenders; they are the providers of mortgages to those households. With regard to ongoing consultation, my experience is that Islanders are not quite in coming forward with their concerns and we, of course, have had the recent statistical publication around cost-of-living difficulties that Islanders are facing.

3.14.4 Deputy M.R. Scott:

With respect to the Minister mentioning the lack of data on fixed-rate mortgages that could be vulnerable at certain times in the event of an increase in bank interest, will the Minister be looking at a more systemic way of having access to this data?

Deputy I.J. Gorst:

That is a piece of work that has been ongoing for some time and has not yet reached a satisfactory conclusion. As I stand to my feet, I am not quite sure where it sits but I think it probably sits with my colleague Minister sitting in front of me, or perhaps the one sitting 2 seats away from the questioner.

3.14.5 Deputy G.P. Southern:

I am glad to see that the Treasurer has engaged with mortgage holders in an attempt to assure them that life will go on as normal. Does the Minister consider whether an earlier intervention, either from his officers or from the Economic Development officers would have been more appropriate to calm nerves at this tense time with the cost of living going through the roof?

Deputy I.J. Gorst:

It is not just at this time that we have been engaging in that engagement. As I have said, that has been ongoing during the latter part of last year. But of course it was happening before that as well, as we started to see the great difficulties that Islanders were facing with cost of living, and it was the premise behind why we introduced the mini-Budget in the first place; that work started as soon as this Government was elected into office.