

# STATES OF JERSEY

## OFFICIAL REPORT

WEDNESDAY, 15th MAY 2013

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[9:31]

**The Roll was called and the Dean led the Assembly in Prayer.**

**PUBLIC BUSINESS – RESUMPTION**

**1. The Reform of Social Housing (P.33/2013)**

**The Bailiff:**

We now return to the Order Paper and the next matter is Projet 33, the Reform of Social Housing lodged by the Council of Ministers. I will ask the Greffier to read the proposition.

**The Greffier of the States:**

The States are asked to decide whether they are of opinion (a), to approve (i) the establishment of a new Strategic Housing Unit in the Chief Minister's Department as set out in sections 3.12 to 3.14 of the attached report to the Council of Ministers, dated 4th March 2013, (ii) the proposed regulation of social housing as set out in sections 4.1 to 4.18 of the attached report, (iii) a rent policy of a return to near market fair rent levels as set out in section 3.12.9 of the attached report, (iv) the incorporation of States owned housing as a company limited by guarantee wholly owned by the States of Jersey as set out in sections 3.38 to 3.47 of the attached report; (b) to request (i) the Chief Minister to take the necessary action to establish the Strategic Housing Unit and to further request the Chief Minister to bring forward for approval by the Assembly the necessary legislation to give effect to the proposals in relation to the regulation of social housing, (ii) the Minister for Social Security to take the necessary action to address the income support implications of the revised rent policy to enable its implementation by April 2014, (iii) the Minister for Housing to take the necessary action to prepare for company status and to bring forward for approval by the Assembly the necessary legislation to give effect to the proposals with a target date for commencement of the company's operation of 1st July 2014, (iv) the Minister for Treasury and Resources to take the necessary action to establish the funding arrangement as set out in sections 3.59 and 3.63 of the attached report.

**Deputy K.C. Lewis of St. Saviour:**

Before we start may I raise a défaut on Deputy Le Hérissier please?

**The Bailiff:**

Does the Assembly agree to raise a défaut on Deputy Le Hérissier? The défaut is raised.

**Deputy J.A.N. Le Fondré of St. Lawrence:**

Could I just make a declaration obviously that as Members know, I am a secretary for one of the housing trusts. It is a charitable position, non-pecuniary and I will be taking part in the debate.

**The Bailiff:**

It is non-pecuniary, yes.

**Deputy J.A.N. Le Fondré:**

Non-pecuniary.

**Deputy J.A. Martin of St. Helier:**

Can I also declare that because I am a States tenant, but I have taken advice that it does not affect my tenancy and I do not know what the future holds, maybe better things hopefully. At the moment it is not direct and pecuniary so I have been allowed to stay, thank you.

**The Bailiff:**

Yes, you have done the right thing, Deputy, to declare it. You do not need to withdraw and you can vote.

**Deputy R.J. Rondel of St. Helier:**

Can I declare an interest in being a landlord of a number of properties?

**The Bailiff:**

It was not clear to me that this does affect the position of landlords, but I do not think there is an interest. Very well, no other interests anyone wishes to declare? Then I invite the Minister for Housing as rapporteur to present the proposition.

**1.1 Deputy A.K.F. Green of St. Helier (The Minister for Housing - rapporteur):**

Thank you. I am delighted and immensely proud to introduce the Reform of Social Housing to this Assembly. This, as I said yesterday, is the accumulation of many years work, and in my view represents the most significant and far reaching set of social housing proposals ever brought before the States. These proposals are about the now and the long term, and if approved by Members I have little doubt that in years ahead these changes will be seen as a defining moment in social housing. We had a defining moment yesterday with the Discrimination Law. It is funny how like buses they come along together sometimes. I hope it will be said that in the future on this day the States Assembly set housing in Jersey on the right course. Many of you may be aware that I come from a very modest background. As a child my family lived in very poor housing at First Tower, no water, no electricity, 3 loos at the end of the yard shared by 7 cottages but we were a happy family but using an outside toilet and no heating in the home made the winters seem incredibly long. I have realised, now that I am a parent and grown up, how difficult it must have been for my parents. Can you imagine the joy of the entire family, I was away working in the U.K. (United Kingdom) at the time, when in 1975, that is only how far I am going back, my family were allocated a home at Rosemount Estate.

**The Bailiff:**

I am sorry, Minister. Senator Ferguson, please can you keep your voice down. It is very difficult to hear.

**Deputy A.K.F. Green:**

A house with running water, an inside loo, and a form of heating, I know that my family felt that they had died and gone to heaven. Many families have been helped by social housing over many years, good people. Good people who contribute to this Island, but do not earn a great deal and have every right to expect this Government to make sure that the homes they live in are warm and dry, that they have good security of tenure, that sufficient monies will be invested in their homes as well as invested in building new homes. Over the years we simply have not invested in sufficient homes or our own stock. When previous Assemblies set about establishing housing trusts, they and successive Assemblies neglected to correct this under investment. Our community has lived with the consequences ever since. These proposals address that problem. It is with great pride as a former tenant from humble beginnings, standing here today as the Housing Minister and bringing forward detailed proposals which you would have seen yesterday I so passionately believe in. We know as a community we are facing great opportunities but also increasing challenges. With, for example, an ageing population, over 30 per cent of our social housing tenants are pensioners, valued customers who, I am sure, we would all want to look after now and into the future. I am sure also that we would all want to look after those who live in and need social housing. It is not acceptable, not acceptable, that many of these people live in homes which fail to meet the Decent Homes Standard. I am not satisfied with this. The department is not happy about this and I know that the Assembly is not satisfied with this either, and that is why we are today all going to work

together to bring about change. I cannot emphasise too much the enormous amount of hard work and research that has gone into this Housing Transformation Programme. From a department that has only just over 40 staff, a staffing level that was described as parsimonious by Professor Whitehead in her report, business as usual has continued and it has been conducted at some pace, and I am sure the former Minister for Housing, Deputy Sean Power, would confirm just how hard working the team are. They are very much up for change. They want to do things differently and as an Assembly I think we do not thank our staff enough for the work they do. **[Approbation]** We only point out perceived shortfalls, so I would like to take this opportunity to thank those who have assisted me in getting this hugely significant day going and those who have kept the day job running as well because business as usual has to continue. We have 90 different work streams running at one time on the Housing Transformation Programme plus the day job.

[9:45]

My chief officer and his team have been utterly professional. They have worked way beyond the bounds of normal duty supporting me and my Assistant Minister and my political colleagues of the steering group in an exemplary manner. My project manager, again an outstanding professional, and I thank the many staff from the other departments for their work and in particular the Treasurer and the Chief Officer of Social Security. I also want to thank my customers, our tenants, for the tenants' forum, and the other resident groups for their ongoing contribution to the policy in development and their welcome challenges that they have brought that have defined this document. The housing trusts and, in particular, the chairmen, who have given up significant amounts of their valuable time in development of these proposals, I thank them for the impact that they have had in the provision of social housing in Jersey. The trusts play a crucial role in providing social housing and will continue to play that crucial role as we go into the future. Thanks to my colleagues on the political steering group, and the Council of Ministers for their ongoing encouragement and support. This proposition is lodged in the name of the Council of Ministers and I am absolutely delighted to have that endorsement. I must also express my thanks to the Health, Social Security and Housing Scrutiny Sub-Panel, say that quickly, and in particular their chairman, the Deputy of St. Peter, my thanks also to their hard working staff. I passionately believe this has been a very good example of Scrutiny Panel, Minister and department working together. The challenge by Scrutiny to my proposals has been continuous and well thought out. I have listened to these comments. I have made changes as a result of the process. The amendments lodged by the Scrutiny Panel have been accepted by the Council of Ministers and I hope that that is good evidence of the value that has been brought to the proposals and make for a better proposition. There are others to thank but the proposition and full business case that supports it is a complex and thoroughly well thought out piece of work. Time will not allow me to thank everybody but I hope they understand that I do appreciate their support. It is time for the housing provision in Jersey to move on. It is time for change and the community are looking to us to make decisions, difficult decisions. I am sure, like all Members of this Assembly, I stood for office to try and make a difference, and I urge Members to grasp this opportunity today and not to delay any further. We must be bold. We need to be visionary and we need to support our community today and into the future. I know that some would say that these proposals are radical. Indeed they need to be. Social housing needs reform. Social housing needs reforming now and we need to deal with those issues that are facing us today and into the future. We must position the department so that it is able and prepared to meet the future challenges and the needs of the community in regards to social housing. We must deliver decent homes for valued customers. Decent homes that are nice to have are not an optional extra; they are a must for any caring community. As a community we have values. We are a caring Island and I want all of us to demonstrate that caring and inclusive nature, ensuring that all of our community enjoy the benefits of our great wealth. Members are well versed in the reasons why we are where we are today. Years of underinvestment in stock have left us with a legacy of homes that

need significant investment. This has also impacted on our ability to deliver new homes. A quarter of States homes and a lesser proportion of the housing trusts, require improvement to meet the basic Decent Homes Standard. This proportion will worsen significantly over the next 5 years as properties age, unless considerable investment is made. Let me be clear though, many homes are in good condition. Much has been done with limited resources but it is not enough. Much is made of the so-called annual return arrangement and I know that the Minister for Treasury and Resources when he speaks will dispel many of the myths that surround this. However we are where we are and, as part of the Council of Ministers, it would be wrong for me to bring forward proposals which would leave a massive black hole in public finances. I have therefore sought and gained some movement from the Minister for Treasury and Resources and I thank him for his support with this and his hard work, particularly on the political steering group. The proposed new rents policy is fair and protects the most vulnerable in our society. I would not have it any other way. Before looking forward I must just take a glance back in the past at the attempts that have been made to deal with the issues facing States rental accommodation, in particular when the States agreed the Strategic Plan in 2006 and 2011, it committed to review, develop and implement strategies for the provision of social housing including the long-term management of rental accommodation. There will be States Members here today who recall the debate in July 2007, when the Social Housing Property Plan was overwhelmingly approved. That plan followed the States Strategic Plan and developed the short-term solution to meet 3 distinct goals, providing funds for reinvestment in the stock, helping to increase home ownership and changing the mix of States housing. The property plan went some way in achieving these goals. It has created 120 new home owners and generated £42.5 million which has been used to refurbish and realign the stock. However with the ongoing economic downturn and with rising waiting lists, a policy based solely on altering the tenure of States housing stock while appropriate then is no longer sustainable. The then Minister for Housing, Senator Terry Le Main, in 2009 commissioned a fundamental review of social housing. This was carried out by Professor Christine Whitehead, an outstanding expert in the field of social housing from the University of Cambridge. The professor's report and subsequent Green Paper published in 2010 highlighted a number of key findings. These were, the current governance and financial structures limit the opportunities to make best use of resources. The rents in the States sector varied from in most cases 90 per cent to as little as 60 per cent. The current balance of income and expenditure is only met by running down the condition of the stock, that the regulatory framework is, and I quote directly, "not strongly developed" and is clearly inappropriate for housing trusts to be formally regulated by the Housing Department, that the size of the sector was far too small to address unmet need from those in long term housing need, that only a very small, and this is an important point, minority of those currently housed in the social housing sector were not in need of that assistance. As I said, Professor Whitehead is a leading and well-respected academic. Her review was welcomed by the then Minister, Senator Le Main, and was the catalyst needed for change. Indeed this report set the scene and determined the key outcomes for the Housing Transformation Programme, and I have made a little footnote here, what a refreshing change to see a report commissioned by the States, actioned rather than put on the too difficult to do shelf. The evidence of the Council of Ministers' determination to tackle the housing challenge is an unambiguous strategic priority to house our community within the current States Strategic Plan 2012, and in November 2010 under the Minister, Deputy Sean Power, a political steering group was established to oversee the Housing Transformation Programme. They determined the key success outcomes for the programme and defined the key success indicators. These were that the current Housing Department must become a self-sustaining social housing provider, that the current Housing Department must become a flexible delivery organisation, able to adapt to change, and that a fully separate regulatory policy and service function must be developed. In achieving these priorities the programme would also determine whether the housing function should become a fully independent provider of social housing, and whatever delivery method was used the

programme must provide increased housing for life accommodation, improved housing standards for residents, provide better security of tenure for residents, develop a level playing field for social housing providers and encourage higher owner occupation. When I was appointed to the position of Minister for Housing in March 2011, I was not only committed to seeing this programme through to completion but to see proposals developed which worked, proposals that were fair and appropriate and importantly sustainable, a permanent fix, not a sticking plaster. The 4 proposals I have put forward to Members I have clearly set out in the proposition and are well supported by the full business case, and I shall now describe them in some detail. Firstly, to establish a Strategic Housing Unit. There has been much challenge over the years about housing policy: where should it sit, who should set it? At present it is split over a number of different departments. Some Members might remember the decision that was taken to split the Housing Department and Housing Law when the Chief Minister's Department was formed. I do not think this helped matters and I think further complicated an already complex arrangement. What was left of Housing was really only a landlord function for States rental accommodation. In order to bring structure to this vitally important issue, I am proposing the establishment of a Strategic Housing Unit. The proposed unit will lead on developing a robust, cross-tenure housing strategy, the prioritisation of resource allocations within the social sector, the championing of the supply of homes, managing the affordable housing gateway, proposing new affordable housing products to meet the needs of those identified through the affordable housing gateway, and I could spend half an hour describing the different projects that I would like to look at but rent to buy would be one of them, and we will leave it at that. Proposing and updating Jersey social housing standard, developing housing policy with a States-wide strategic policy framework, carrying out or commissioning survey work, proposing and delivering social housing rent policy, proposing the criteria for eligibility for social housing in the Island through the affordable housing gateway. We know the criteria is too narrow. There is no point in widening it until we increase supply. It would be dishonest but that is an issue that needs to be tackled. Proposing standards for tenant engagement in consultation and setting performance and probity standards for social housing providers, the Strategic Housing Unit, grand name, is not another department or large team. It will be led by the existing director of corporate policy who will recruit a senior officer to be responsible for the social housing elements that sit within the role of that unit. I hope Members will agree that that is a very sensible solution to the future of housing policy development. Secondly, I wish to introduce regulation for the social housing sector. Currently there is virtually a complete absence of any regulation to ensure that homes are brought up to standard and kept there. Draconian bureaucracy I do not want, but I do want to see accountability across the whole sector. I have on a number of occasions acknowledged the positive contribution that the housing trusts have made by providing homes to those in need. The introduction of regulation should not be seen as any criticism of their work, however the challenge is faced by the sector in demonstrating the best value that is being obtained for public investment. The need for an enhanced social sector and rising expectations of tenants together mean that the regulation is now essential. Regulation will be limited to those providers of social housing who have had the benefit of States subsidy, whether that be in respect of the provision of capital, land or underwriting of loan interest rates but let me be absolutely clear, within my report it says that the Parishes will not be regulated.

[10:00]

They are entitled to use the gateway and I know that some of the Parishes do that but they will not, at this stage, be regulated. Again I acknowledge the contribution of Scrutiny here and I have no problem with the suggestion that they say we should ensure that any new regulation is proportionate for Jersey. Of course we do not want anything which will discourage the very activities we want to see happen, but we must ensure the adherence of good governance and standards, and this is not something to fear. This is not something to be concerned about but is

something that we need to welcome and embrace. We will work with Scrutiny and stakeholders to ensure we get this right. You see, enabling laws and regulations will have to come back to this Assembly for debate and that is only right and proper. What we require today is an in principle decision that regulation of some form is required and I would hope nobody would argue against that. Thirdly, and probably the most controversial part of the Housing Transformation Programme, is the reintroduction of the near market rents policy. The return to near market rents of 90 per cent of equivalent market rents has been thoroughly reviewed. It has been tested. It has been challenged, and following significant consultation last year, I have chosen only to implement this policy on new tenancies. Existing tenants will pay the 90 per cent fair rent level when they transfer to new accommodation. Those tenants who do not move but are in receipt of income support to assist them with their rent will be fully protected from any rise and existing tenants will see the annual inflation increase plus 0.75 per cent. I have given a great deal of attention to this matter over the years, and I have to say that for political reasons rents have been allowed to drift. It is not a criticism. It is a fact. Some homes are only charged at 60 per cent of equivalent market rate. This cannot be right and it is not fair. Those who can afford to pay a fair rent should do so. Those who cannot will be able to access income support and I am absolutely committed to ensure that the most vulnerable members of our society are fully protected and under this proposal they are. We cannot pretend any longer that the current hidden subsidy is a free subsidy. To be perfectly honest, the current hidden subsidy has resulted in us not carrying out all the repairs that we should have done. The current hidden subsidy is not a free subsidy. We need to know the true costs of income support. This will demonstrate the position quite clearly. It will also give people choice and will encourage those who can afford to move on, hopefully to shared equity or affordable homes. The 90 per cent will also allow for added investment in stock. This coupled with the reduced return to Treasury and the borrowing in the business plan, some very limited sales designed to be the exit gateway for current tenants, who have worked hard and find themselves in a better position and would we not want to support them in moving out? This funding will enable the stock to be brought up to Decent Homes Standard within 10 years. 90 per cent rents will also encourage more rental homes, as developers are attracted to building properties which receive an economic return, and I have to say that the Minister for Social Security yesterday was spot on when he said one of factors of influence is rents in the wrong way is the lack of supply. Increase supply and you sort out the rent. The current debt redemption model is artificially low and all this has done really is create a higher cost on a first-time buyer. One subsidises the other. The market always finds a way of sorting it out. As I have said, the rent issue has rightly taken up considerable time and thought and we have looked at 80 per cent's. They are just simply not viable. We looked at one model known as the Swedish model but I will discuss that with Members at another time. **[Laughter]** We looked at 80 per cent's and they are simply not viable. They have been modelled. They were modelled and it seems somewhat bizarre that those arguing for 80 per cent rents are seeking to give those better-off tenants a subsidy in their rent. It will do nothing to help the most vulnerable for those on income support. A reduced return would also create a hole elsewhere. That hole will need to be plugged by reductions in budgets of other departments or ultimately increases in tax. It cannot be right to ask hard pressed taxpayers in middle Jersey to pay more, but say those who could afford to pay the economic rent can have a greater subsidy courtesy of those taxpayers. That cannot be right. I urge Members, and I hope Members have, to read the full report and full business case in support of my proposals. They are robust and indeed Scrutiny acknowledged that they had to accept, and I quote, "albeit reluctantly", that the proposal to return to 90 per cent rents was the only correct one. I think it is on page 56 of their report. The rent issue is of vital importance and I feel again that I must quote Professor Whitehead. She states: "The proposed rents policy is one of the most important aspects of the Transformation Programme and is core to the future success." It cannot be restated often enough how long-term financial viability of the new States-owned company, as well as the operation of the sector as a whole, depend upon the commitment to a long-

term rents policy that provides security with respect to the revenue stream. As now, all rents will be subject to R.P.I. (Retail Price Index) inflation plus 0.75 per cent for existing tenants and if that were to happen today that would equate to a rise of 2.1 per cent. The 90 per cent proposal is therefore essential to the sustainability of the whole Social Housing sector. It will enable the necessary investment to bring homes up to the Decent Homes Standard within the next 10 years and, very importantly, the investment in new homes. The 90 per cent rents proposal has also led to reduction in the current arrangement, as I said before, in the annual return to Treasury and I am very grateful to the Minister for his support with this difficult process. Believe me, there are no easy answers in this. My fourth part of the proposition is to establish a new wholly-owned housing company. In order to enable greater efficiency and flexibility for the changing housing needs of our Island, we are proposing that the current Housing Department transform to become a new wholly-owned States Housing Company. As Members will have seen in the Comprehensive Business Case supporting these proposals, a number of delivery options were considered for the provision of landlord services. Each option was appraised in order to identify the most economical advantage which best meets the service needs and optimises value for money. As I said, this is about long term housing, and a 30-year business model was created for each option. Of the 7 options that were considered, option 6 came out consistently high against all the critical success factors and offered the lowest risk. Members will be aware from reading the full business case that option 6 is the wholly States-owned housing company, a company limited by guarantee. It is this that I bring forward today. The full business case supporting the proposals is some 118 pages long. It is a superb document, a well-researched document, and a very honest document. It has stood up to external scrutiny and has been endorsed by Professor Whitehead. I encourage Members to reread her note in full presented to the States on 19th April this year, but remind Members in that respect of the proposed company. Professor Whitehead said: "The economic commercial management and financial cases put forward in the full business case set out both the objectives of the new company and the process by which change is to be implemented." She went on to say: "These are detailed and well thought through. The most important factor enabling longer term growth and change comes from new borrowing and those new borrowing facilities which are clearly specified." The new company is very much a social business. It will have on the board 2 tenants among their number. Its remit will be that of a Social Housing business. It will be an agile organisation working to the highest standards and financially viable for the future where the expertise of existing staff will be combined with the more flexible organisation in order to deliver better results for tenants and better value for money for the States, dedicated staff, doing what they do best, providing specialist landlord service to 4,500 tenants, that is some 13,000 people today. I am not criticising the department. As I have said, they have worked incredibly hard and produced excellent results. No, what I am talking about here is letting them at last get on and do the job with the resources they need, and I know that they relish the opportunity. Some Members may be concerned about the transfer. Staff will be fully protected in any transfer. Their terms and conditions will be protected. They have been fully involved in the changes. My team have had an excellent dialogue with them and their representatives and this has been maintained right through the process. I would like to talk a little bit more about the Scrutiny process. I have made reference to them throughout my speech. We have worked well together. I have taken their comments on board and their report in detail and, as a result, made changes. We have listened and I think that the document we now have in front of us is better as a result of Scrutiny's intervention and I thank them. **[Approbation]** Because of their questioning and challenge, I have modified the proposed rent policy. I have accepted 14 of their 19 recommendations. I do not think a Minister could have co-operated more but, again, I thank them for their hard work. In conclusion, I am proud of these proposals. I am excited about the future they can deliver. They are well researched. They are well thought out. They make sense. They add up. They secure the future. The current system does not work and the time has come for change. I want, and I am sure we all want, decent homes for all

Islanders. We need a well-respected, appropriately regulated Social Housing sector and rents set at a level that are sustainable, that are fair, that are appropriate, and I want the current Housing Department to be set free to be allowed to concentrate on the issues that they are professional and passionate about. I do not think anyone should be able to argue with that. Finally, I would like to finish with the words again of Professor Christine Whitehead who was asked by me to consider these proposals and comment on whether she felt they met the comprehensive challenges proposed in the Review of Social Housing in Jersey, her report, and this is what she said: “A careful reading of these documents makes it clear that all the challenges set out in my report have been addressed through the development of mechanisms to improve strategy, to improve regulation, and delivery. Equally, my recommendations have been properly and fully assessed, taking into account the economic and political environment as well as the objectives of ensuring an efficient and well-regulated social sector. In addition, there has been much careful thought given to the States commitment to clarify the policy framework, to fund new investment, and to balance rents and income support policies.” I do not think it gets much better than that. Those of you that might know Christine Whitehead know that she sticks to her guns. She says what she thinks and that was not just something that the Minister would like her to say. That is what she believed. Therefore, I ask Members to give me and the staff of the Housing Department their support, to be bold, to be visionary, and I make the proposition. **[Approbation]**

**The Bailiff:**

Is the proposition seconded? **[Seconded]**

[10:15]

**Connétable J.M. Refault of St. Peter:**

Yes, and if I can also make a declaration. As the Constable of St. Peter, we are also a social housing provider of homes and also the Deputy of St. Peter is the chairperson of our Homes Committee. Neither of us has any pecuniary interest and I am sure some other Constables are associated with that declaration as well.

**The Bailiff:**

Thank you.

**The Connétable of St. Peter:**

May I propose to raise the défaut on the Chief Minister and Senator Ozouf?

**The Bailiff:**

Yes, does the Assembly agree to raise the défaut on the Chief Minister and Senator Ozouf?

**Senator I.J. Gorst:**

I understand that Senator Maclean was marked défaut earlier. I would be grateful if that could be changed to défaut excusé, as he has had to travel to the United Kingdom again due to a family illness.

## **1.2 The Reform of Social Housing (P.33/2013): amendment (P.33/2013 Amd.) - Part 1**

**The Bailiff:**

If all Members would agree in those circumstances to amend the record to show that he is excused? Very well. So now we come to the various amendments and Members, I think, have been given a suggested running order and therefore the first one to consider would be the first part of the Amendment number 1 lodged by the Health, Social Security and Housing Scrutiny Panel and I will ask the Greffier to read that part of the amendment.

### **The Deputy Greffier of the States:**

Part 1, page 2, paragraph (a)(i). (a) Delete the words “in the Chief Minister’s Department”. (b) After the words “dated 4th March 2013”, insert the words “to be overseen at a political level by the Minister for Housing, except in the last paragraph of section 3.12.5 after the words ‘overall responsibility for this is proposed to become the responsibility of’ delete the words ‘the Chief Minister’ and add the words Minister for Housing working closely with the Chief Minister, the Minister for Planning and Environment and the Minister for Treasury and Resources’.”

#### **1.2.1 Deputy K.L. Moore of St. Peter (Chairman, Health, Social Security and Housing Scrutiny Panel):**

We have lodged these amendments to achieve 2 outcomes that we feel are vital, the first of which is to retain the Minister for Housing with responsibility for strategic issues across all tenures, and we are grateful to both the Minister and the Council of Ministers for their support and we hope other Members will also see fit to do so. During the review on the Housing Transformation Programme, the sub-panel’s expert advisers warned us that these strategic units in other jurisdictions have had mixed levels of success in unifying disparate areas of social policy around housing and that they can tend to become “Cinderella services”, compared to other larger parts of the Housing Authority. The sub-panel considered that without a named Minister responsible for strategic housing issues, a similar outcome risks happening to the Strategic Housing Unit in Jersey. This particular amendment is also in line with opinions raised by the Chief Minister in a public hearing with the sub-panel in July last year. During this hearing, the Chief Minister stated that it could be possible to have a Minister with a portfolio aligned to each of the priorities set out in the 2012 Strategic Plan. Theoretically, therefore, the concept of a Minister with strategic responsibility for housing our community has already been given his support. The sub-panel considers that structuring ministerial responsibilities around housing in line with strategic objectives agreed by the States would give clarity, momentum and accountability to delivery of Jersey’s strategic priorities for housing as well as providing a champion with an appropriate level of authority and visibility relating to their brief. Housing is an emotive subject that requires a recognisable political representative. For those who rely on the States for their accommodation, it is vital that they are able to identify a political figure with accountability who they feel that they can direct their comments and complaints to and they hope will represent their views inside the States also. During a visit to the social housing sites, which was organised by the Housing Department as part of our review last year, the sub-panel was struck by how tenants wanted to engage directly with the Minister during the visit. We were also impressed at the time the Minister gave them, despite his busy schedule. This rapport between tenant and Minister is a clear example of why political representation of housing is so critical. Without that link, tenants will feel disenfranchised perhaps. An Assistant Chief Minister will simply not have the time or motivation to develop the kind of knowledge and understanding of social housing sites and their occupants that is required to ensure they feel represented and listened to.

#### **The Bailiff:**

Is the amendment seconded? **[Seconded]** Does any Member wish to speak on the amendment?

#### **1.2.2 Senator I.J. Gorst:**

Last year at the start of the year, the Strategic Plan committed us to improving housing in our community, including delivering real improvements in social housing and I believe that today, we have before us a very well thought out thoroughly researched and scrutinised proposition, and I would just like to commend the Minister for Housing and his department for the work that they have undertaken. I would also like to commend the productive work that the Scrutiny Panel has undertaken and I do not think their work and input into the proposition that we have before us today

should be underestimated either. If we can now come to the particular amendment. For a long time, responsibility for housing policies in our Island has been spread across a range of departments and I believe that that has been acknowledged by both the Housing Department and by the Scrutiny Panel. The Minister for Housing has been responsible for housing in name but not for many areas. The reality has been that each of the Ministers, Housing, Planning, Health and Social Services, Treasury and Resources, Social Security and myself, have had various and differing responsibilities for areas of housing policy and we believe, as a Council of Ministers, that that should not continue. There should be a champion and an individual with responsibility for ensuring that housing policy is developed and then delivered, albeit it will be delivered ultimately across those departments. But more recently, I believe the Council of Ministers has shown that they are committed to delivering on housing policies. We have committed to bringing forward sites for rezoning to address the shortage of social and affordable housing highlighted by the Housing Needs Survey and the Housing Department's waiting lists. We have committed to dealing with the concerns and uncertainty around the H3 policy, wanting to ensure that we do not damage supply, instead ensuring sufficient supply comes forward. We have developed the Starter Homes Deposit Scheme as a trial, together with other affordable housing products to follow and we have all worked together on the proposition which is before us today. I think the difference between the Council of Ministers' earlier position and what Scrutiny is now suggesting is whether that responsibility for the Housing Unit and ensuring development and delivery of policies should be given to an Assistant Minister, or we should retain the Minister for Housing, so it is sometimes uncomfortable when Members of this Assembly recite back things that I have said in Scrutiny hearings but I stand by those comments and I think that the point that Scrutiny is making is one that this Assembly should follow and should accept, albeit I do not question that it will create difficulties, particularly in light of the referendum result, and what this Assembly might decide, but my department and officers are already working on changes to the machinery of government which I believe will enable this to happen in practice in the future as well and not just through the term of this Assembly. I will not go into the details of where the areas that need to be addressed there are, other than to say that in short order, we will be engaging with P.P.C. (Privileges and Procedures Committee) and States Members and holding workshops to discuss some of the issues and the possible solutions, but I believe that housing is an area that, to some extent, has suffered from a lack of joined up co-ordination and policy development and it is not something that we should be proud of, which is why I am pleased that today we are delivering on one of our strategic priorities. It is long overdue and I accept, and the Council of Ministers accepts, that delivering the policy development and delivering in due course should be the responsibility of a Minister and should have that senior authority figure to deliver it so it is with pleasure that we are accepting the amendment of the Scrutiny Panel. **[Approbation]**

### **1.2.3 Deputy S. Power of St. Brelade:**

I have to say that if ever I was so relieved to see this amendment and the agreement of the Chief Minister to retain the role of a "housing tsar", a Minister for Housing, it is this particular part of this amendment. Members that were in the Chamber in the summer of 2011 will remember P.37/2011 when I amended the Control of Housing and Work (Jersey) Law to retain the role of Minister for Housing and it was defeated. It was, I think, 35 votes to 19 and that was an attempt at that time to retain the role of Minister for Housing when the then Council of Ministers had made a strategic decision to reduce the authority of the role of the Minister for Social Housing and provider to that of an Assistant Minister in the Chief Minister's Department. So the Deputy of St. Peter and her team are to be absolutely commended for identifying this as a certain important part. I say this because, as we grow into the 21st century on this Island, it is my firm view that more and more people will need social housing and we can dress it up in different ways. We can allow people to be living in private sector housing with rent rebate, that we can have special small schemes such as

the Mortgage Deposit Scheme, that we have Homebuy. We have all these different schemes but the basic bald fact is that on this Island today, people cannot afford to buy housing. That is the bald statement of fact. It cannot be disputed and we know the figures. So the next Ministers, men or women, in this Assembly who will represent social housing on this Island have a huge task ahead of them and the task is that there is not provision for affordable housing on the Island and that the States, this States, this Assembly, these men and women in this Assembly today, will have to make more strategic decisions about the provision of Social Housing. I hope and pray and I will do everything in my power to increase the stock of States-owned Social Housing on this Island. I opposed P.6/2007 in 2007. I did not agree with the sell-off of social housing at the time. At the time, I was head of a sub-panel on the Health, Social Security and Housing Panel that felt that the winds of economic change were already happening in 2007. We had seen the collapse of Northern Rock that summer and I felt that it was inappropriate to sell off social housing and I think, irrespective of the words of the Minister for Housing, Deputy Green, that it did achieve some home ownership; I feel now on reflection that that should not have happened.

**The Bailiff:**

Deputy, if I may, it seems to me that this is straying into the main debate where this amendment is purely concerned, as I understand it, with whether the Minister for Housing should remain or whether it should go to the Chief Minister. So I think if you could confine yourself to that.

**Deputy S. Power:**

You are right, Sir. I am going to take your words of advice and shut up [Laughter] because I will be speaking again on the main debate but Members will note my passion in this area and I stand corrected. I am wandering and I will shut up and I will be supporting the amendment.

**1.2.4 Deputy G.P. Southern of St. Helier:**

I note the commitment to joined-up thinking around housing among the Council of Ministers and the importance of having a representative there whose main objective is to provide and maintain social housing. But while we are here on this particular subject and talking about joined-up thinking, I wonder if one of the Ministers, and perhaps the Minister for Housing himself, would tell us in an overall sense what this Housing Transformation Plan is about in terms of the population that it is catering for because this is the first housing plan I have seen in my time in this Chamber that did not start with some estimate of: "This is the population that we are catering for."

[10:30]

**The Bailiff:**

Deputy, I am going to make the same point. I can well understand you wishing to make this point at some stage but it is not clear to me that it is relevant to this amendment.

**Deputy G.P. Southern:**

I would like to put that question in so that one of the Ministers at some time, in what is likely to be a lengthy debate, addresses it and I will stop there.

**1.2.5 Deputy R.C. Duhamel of St. Saviour:**

It is well known that elements of the longer term strategic planning for housing have been undertaken in the absence of any broadly co-ordinated organised way of dealing with things by the Planning Department. With those ideas in my mind, my objections to placing the S.H.U. (Strategic Housing Unit) within the Chief Minister's Department have been recorded over a long period of time and, indeed, the submissions that I made to the Scrutiny Panel outlined those objections in greater detail. However, the amendment that is brought today by the Scrutiny Panel is one that I

can support because it goes a lot further than just highlighting that there will be one Minister championing the housing needs. It suggests that there will be a Minister for Housing and, more importantly, working closely with the Chief Minister, the Minister for Planning and Environment and the Minister for Treasury and Resources. Indeed, if we are to be purporting that we are a Council of Ministers and we are working more and more together, this must be the way that we have to take on board to work in the future. It is a joint responsibility with a political head but the joint responsibilities are the most important thing. So with those ideas in mind, I am more than happy to support this amendment and I encourage others to do the same.

#### **1.2.6 Deputy J.H. Young of St. Brelade:**

The amendment addresses, I think, the organisation structure appropriate to achieve what I think everybody in the Assembly wants and that is to ensure that we do have a viable and long-term Social Housing Programme, which is a permanent ongoing need. It is not a short term. There are no quick fixes. It is going to be with us, as Deputy Power says. I also think that the structure and the organisation has to recognise that housing has to be on the top of our priorities for States resources and that is both land and money. I think that is why the test ... and I was delighted to see this amendment because I did have major concerns over the original proposal because at the moment, the responsibility is divided, as others have said, across ministries and it has been for many, many years. The only way through this is collaborative approach and co-operation between those that have the responsibilities. I think we have to look at some of the things that have not worked well in order to test out whether the new arrangement we have got here, whether the amendment will improve matters. I start, and I think others have said it, there has been in recent years a failure of supply of social and affordable homes and that has led in the current economics to contributing to a situation where housing is even more unaffordable than it ever was. Of course we have learned about the other problems with existing stock, but I will reserve that for the main debate. The Minister for Planning and Environment has responsibility, under the Planning Law, to see that land is used in the best interests of the community. That is his statutory responsibility and he has got all the tools available to do that, and so we need to make sure that that responsibility is plugged in, if you like, and connected with the responsibility of the Minister for Treasury and Resources who, at the moment under the current structure, has 2 different roles, firstly, through Property Holdings in allocating States-owned land and the availability of land is a key factor as others have said so that has to happen. What we have got is a situation, I think, and in my view it is relevant here, is that the attention given on assets being viewed as financial assets, rather than their social value, is one of the main problems that has led to our supply failures and so I want to see and I am hopeful that within this amendment and the proposition as a whole, we end up with a structure that achieves that proper co-operation. Now, I can remember in a previous life as a civil servant, and I will recount this for you, this has always been a problem, achieving those co-ordinating and it was for housing in the committee days. In a previous crisis situation, and I think we are not far from a crisis in the case of housing and affordable homes, lack of them and the supply failure, there were all 4 committees, that was P. and R. (Policy and Resources) Committee, F. and E. (Finance and Economics) Committee, the Planning and Environment and Housing Committees, all had to get together in a room to try and resolve. That was 30-plus people and that was a defect in the committee system, but the point I am making is that there needed to be collaborative approach to trying to achieve these decisions on setting a long-term strategy. For example, a number of initiatives came from that housing forum where developers, builders, housing providers and estate agents were all brought together and, as a result, there was a lot of work stream. Now, that is in the past; we now have Ministers. I want to see that same working together and co-operation from Ministers, and when I read the Scrutiny Report I am very concerned to see that we have got a picture there of this dysfunctionality and I am delighted to hear that the Chief Minister today has given us a commitment that this is not going to happen anymore. So the first step, right, I am

pleased that we have got a Minister now at the table. I think that an Assistant Minister would have had no chance whatsoever within that structure because they just would not have the status, because arguments and debates and conflicts will occur, with the land whether it is better used as a financial asset or whether it is better used for the purpose that it could be useful for housing, so I am very pleased about that. I am certainly supportive very much of the amendment. I hope that we will get changes to ensure that the silo operation is broken down and when we get the changes in, the government ministerial system, that will also improve things. I put a flag up here. I am worried about the supporting arrangements under this structure, because the Minister needs support and, of course, I am cognisant of the fact that he is only going to have a Director of Corporate Policy in the Chief Minister's Office, which I think is a new post. Page 28 flags that. So I ask the question, where is the supporting structure for that but I wait to hear the answers because at the moment, the support for the housing ministry comes of course from the Housing Department, who will be moved to the new operational company under the arrangements. But the principle of the change, I think, the amendment is a very good one, a much greater improvement on the original proposal.

### **1.2.7 Senator A. Breckon:**

When I looked at this, for me it was a question about accountability because before I entered the States and in my time in the States, housing has been a very emotive issue. It is one, I think, that the public certainly identify them because it concerns their everyday life. Without a person who was accountable and the target known; if you think, who is responsible for tourism, well, I could not tell you. Who is responsible for agriculture? I could not tell you but we know who is responsible for housing and, with respect, if it went into the back office of the Chief Minister's Department, then Members who might have an approach or the public who might have an approach, where do you go? Okay, we will have an organisation and we will have a department but it needed for me to have a profile because even in this House, if we look back at yesterday, there was a number of questions to the Minister for Housing, and then who would Members ask the question of? It would become the Minister for Treasury and Resources because if this is approved, then there is a housing organisation with a board set up with a nomination from the Treasurer, so we would have a same situation as we have with the Post Office or we have with Telecom where the shareholder is the Minister for Treasury and Resources. For me that was not acceptable and that is why I think this amendment is a good idea because it makes somebody accountable but it also gives that Minister the profile. Now, Deputy Young has just touched on issues. When we have had a Minister for Housing or a President, it has been very difficult, in fact it has proved impossible to create the supply to meet the demand. It just has not happened and that is evident by waiting lists for rentals and people who cannot afford to buy. That is evidence. It is not an opinion; it is fact. So if there is nobody who is accountable and has the profile then who is accountable? The answer is that: nobody is. We are going to have a department in the Chief Minister's Department. Who do you contact? It becomes invisible and for me I think that was dangerous and that is why, although it might create an issue about seats at the table, as it were, then that is not an issue because if it is a high enough profile for Members of this House past, present and future, then it should have that profile and that is why I am pleased that this amendment has been accepted because it is entirely sensible and it is where it should be. It is near the top of the agenda and it mentions working with others but, again with respect, if a Minister or President could not do it in the past, if it disappears, then it just does not happen. Whose is the responsibility? Well, it is nobody's. You cannot get the funding or there is an issue with planning and if that is emotive, as it were, then it will not happen. It needs to have some real drive and some real enthusiasm and some real thrust and I think the present Minister for Housing has certainly got all of those things but he needs the support at a high enough profile to deliver. I think that this House should support this without any opposition, because it is the sensible thing to do to keep it at that level. I know it is a seat at the table, as I said, but there should be a seat at the table and it should be

at a high enough level for things to happen with finance, with loans, with the resources that we have got, and with other things and that is why I think we should all support this.

**The Bailiff:**

I have another 3 speakers waiting to speak. Can I just remind Members that this amendment has been accepted. **[Approbation]** Every single Member who has spoken so far has spoken in favour of it so I do ask Members to exercise restraint in whether they need to. This is a long agenda and there are many contested amendments still to be considered.

**1.2.8 Deputy A.K.F. Green:**

I just wanted to place on record my support for this amendment and I would just like to clarify at the same time one of the questions from Deputy Young. In addition to the Director of Corporate Policy, there will be a new post plus consultancy support and administration support. That has been allowed for within our plan so with that, I will keep quiet other than to offer my support for the amendment.

**Connétable D.W. Mezbourian of St. Lawrence:**

I will take your advice and refrain from speaking.

**The Bailiff:**

Does any other Member wish to speak? I call upon the Deputy of St. Peter to reply.

**1.2.9 The Deputy of St. Peter:**

Thank you very much, Sir, and thank you to all those who have taken part in this debate. I do feel it is proper to raise the point of the machinery of government moving forward that was raised by the Chief Minister, and we bring this in the knowledge of the difficulty it may cause, but we feel that housing is too essential a provision to amalgamate with other portfolios, particularly when one takes into account the links between health and poor housing and the impact that can also have on a young person’s ability to achieve an education. Everybody I think who has spoken has supported the increase in social housing, the need for more units and a collaborative and joint working approach. I must say that we have observed greater and closer joint working, particularly between the Minister for Housing and the Minister for Planning and Environment during this process which is to be commended and we hope that it will continue. Housing is an essential provision and one that the Assembly has identified as a strategic priority and I hope Members will support this amendment.

**The Bailiff:**

The appel is called for in relation to the amendment of the Health, Social Security and Housing Scrutiny Panel. I invite Members to return to their seats and the Greffier will open the voting.

<b>POUR: 42</b>		<b>CONTRE: 0</b>		<b>ABSTAIN: 0</b>
Senator P.F. Routier				
Senator P.F.C. Ozouf				
Senator A. Breckon				
Senator B.I. Le Marquand				
Senator F.du H. Le Gresley				
Senator I.J. Gorst				
Senator L.J. Farnham				
Connétable of Trinity				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				

Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of St. Saviour				
Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérisssier (S)				
Deputy J.A. Martin (H)				
Deputy G.P. Southern (H)				
Deputy of St. Ouen				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy S. Pitman (H)				
Deputy K.C. Lewis (S)				
Deputy T.M. Pitman (H)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				
Deputy G.C.L. Baudains (C)				
Deputy J.P.G. Baker (H)				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				

### **1.3 The Reform of Social Housing (P.33/2013): fifth amendment (P.33/2013 Amd.(5)) – Part 1**

#### **The Bailiff:**

We come next then to the part 1 of the fifth amendment lodged by Deputy Le Fondré and I will ask the Greffier to read part 1.

#### **The Deputy Greffier of the States:**

Part 1, page 2, paragraph (a)(i). After the words “sections 3.12 to 3.14 of the attached Report of the Council of Ministers dated 4th March 2013” insert the words “Except that at the end of section 3.12.2 after the words ‘disposal of Social Housing property’, there shall be inserted the following new paragraphs. For the avoidance of doubt, such regulation would ensure proper governance of surpluses generated by existing Social Housing providers. As part of any definition of surplus funds, existing Social Housing providers (‘the entities’) would be required to make adequate provision for working capital; for the repayment of loans or other debts; for commitments; for projects and activities of the entities, including provision (by depreciation or otherwise) for the redevelopment of properties owned by the entities; for the acquisition/development of additional properties for Social Housing; and for contingencies; all in accordance with the powers for so doing under the terms of their statutes as approved from time to time. The regulations may also require

the calculation and disclosure of subsidies (both capital and revenue) received by the entities, and may also define under what circumstances such subsidies should be repaid to the States of Jersey.”

[10:45]

### **1.3.1 Deputy J.A.N. Le Fondré:**

I suppose I will go for the naïve approach first and just see if I can get an indication from the Chief Minister after my email of Monday, whether given that the wording did not cause any objection by the Council of Ministers, they are at all minded to at least give an undertaking that they might reconsider this. I see expressions on the Chief Minister’s face. I am afraid, given that we have a long day ahead of us I was rather hoping we could have a shorter debate on what is a relatively technical matter. I think the starting point then is, putting it into context, the States used to have approximately £120 million of backlog maintenance and as far as I am aware, I am going to say they still do because that is in addition to the backlog maintenance for housing. That was on the States property estate rather than the States housing stock. One of the reasons was that everyone looked at cash surpluses rather than making adequate provision for future maintenance. What my amendment is about is to try and avoid that kind, and I am going to say woolly thinking, being applied to the existing social housing providers in the future. Also we have been told already that the kind of provision I am talking about or the kind of definitions I am talking about will be included in the transfer arrangements in the new company. I am going to talk about housing trusts. That is my experience. As we have heard from Deputy Green, it is about the long term. It is not about the next 2 to 3 years. It is about ensuring their financial viability for the long term, for 25 to 30 years and beyond. As an example, and as I have declared, I have been a trustee for 17 years and the trust which I am connected with has repaid loans on its first 2 estates very recently and should be repaying the final balance on Troy Court this year, 24 years after that nightmare was solved. Therefore, I am saying that it is critical that there is certainty of being able to provide for the future and that is not just about a year from now or 2 years from now. That is over a long period of time. Also, it gives comfort to lenders that additional funds are available to support particular loans if necessary. It gives just a bit of a cushion. To quote from Scrutiny: “The sub-panel notes that the responsibilities of the regulator with regard to controlling financial surpluses or rent policies are not made explicit in the report, but the implication is that the regulator will work with the S.H.U. to ensure that rent policies are complied with and to ensure that financial surpluses are put to best use. This has further implications for the nature of relationships between social housing providers. If the trusts are to be relied on to deliver a sizeable proportion of new social and affordable housing developments, a social housing system that uses compulsion to achieve uniformity on certain policies may be detrimental to the overall goal of growing the sector.” That is a long way of putting it but what it is saying is that there needs to be certainty and there needs to be an element of when I say flexibility, if you come down with compulsion, you will start getting different behaviours against what you want and a lot has been placed on the housing trusts sector to deliver what is in P.33. So they are key findings. If the housing trusts are to be relied on to deliver a sizeable proportion of new social and affordable housing developments, growing the sector should be the overall goal rather than compelling providers to achieve uniform standards. Now, I am putting this case together because it is about trying to drag out some of the comments that have been raised or identified in a very good and long piece of work by Scrutiny and during a public hearing. This is from the report: “The Minister for Treasury and Resources agreed that the States needed to make more use of housing trusts to share the burden of developing new housing, identifying that the trust sector was a good model and needed to be supported” and this is the key bit. “However, he made clear this was to be achieved through leveraging the significant cash surpluses on the trust balance sheets for the benefit of social housing.” The States as a whole do not have a good record of recognising that there is a significant difference between cash surpluses and actual surpluses. As an example, later in the comments of the Council of Ministers, I think that

is in relation to this amendment, they say: “The Transformation Programme also proposes that the housing trusts pay back their loans to enable future surpluses to be reinvested in new housing.” Now, just think about that, because loans are meant to be repaid. That is kind of the principle. You borrow the money, you give it back eventually. The repayment of loan capital does not in itself generate a surplus to the recipient. It is the repayment of a debt, but the Council of Ministers are mixing the 2 up. So the comments that the Council of Ministers state very clearly that they have: “No objection to the wording proposed in the first part of this amendment”, in other words, what we are debating at the moment: “regarding the use of surpluses by Social Housing providers. Indeed, similar wording is likely to be employed in the Transfer Agreement proposed within P.33/2013 to establish the relationship between the proposed Housing Company and the States as sole owner.” So they are going to do it in one part of the area in one sector anyway so what is the problem? The only excuse that has been used, and I am not entirely clear about whether that is entirely accurate or not, is essentially is about timing and it is about the fact that the Scrutiny amendment, which we are next to debate, is being accepted and there is a conflict between the 2. But this amendment is on a different section of the debate of the proposition. This is on (a) part 1 not on (a) part 2, which is when the next Scrutiny amendment comes through. In my view, there is no conflict with setting some additional clarification into the particular paragraph I am amending, which again is, in principle, we have been told yesterday. This is all an in principle debate because it is basically giving clarification to a reference to something that the S.H.U. proposition says it is going to do. What I am also going to do is look at the Constables. Normally we are orientated in that direction anyway because of the nature of this Chamber, but assurances have been given to the Parishes that this does not affect them. Firstly, Scrutiny disagree and again the comment on that, and I know the assurance has been given a number of times: “The sub-panel understands that the Parishes have been encouraged to use the affordable housing gateway in order to reassure the public and States that they are allocating housing to those most in need rather than being selective. Although the Chairman of the Comité considers that Parishes will continue to have a choice in whether they use the affordable housing gateway criteria to make allocations, the sub-panel feels it is likely they will be considered as social housing providers and therefore be expected to sign up to using the same allocation criteria and processes in the future.” That means even if regulation does not apply now, it will apply at some point in the future. They carry on: “From the evidence gathered and the expert analysis undertaken during this review, the sub-panel believes that it is likely that social housing reforms, broad-reaching as they are, will affect Parish provision in some way, especially as many would consider that they fall into the category of a social housing provider.” So particularly, the Parishes which have received States funding, subsidy or assistance in the past, even if they are not impacted now, surely it would make sense to achieve the clarification on these types of matters for the future, and this is one of those opportunities to achieve that clarification. Just to clarify, what Deputy Green said this morning was that Parishes will not “at this stage” be regulated. Those were the words. So again this is not an earth-shattering change. It is adding a clarification to what happens as time progresses and making sure that all basically social housing providers can make sufficient provision for the future. Really, I think what it comes down to, as we said, this is an in principle debate which was made very clear by the Minister for Treasury and Resources yesterday. So remember, the Council of Ministers has no objection to the wording of the amendment. They have confirmed that it is identical to the existing provisions. All this is to ensure that those provisions are maintained and this important area remains clear, that social housing providers can and do make appropriate adequate provision for repayment of debt, for working capital requirements and for the future maintenance and replacement of tenants’ homes. That is trying to avoid problems that we have seen in the past. It may not happen now, it may not happen in 5 years’ time, but it is trying to set some parameters now. Why would we not want to do that? On that basis, I will make the amendment.

**The Bailiff:**

Is the amendment seconded? **[Seconded]**

### **1.3.2 Deputy A.K.F. Green:**

Before I go into my speech proper, I really would like to plead through the Chair with Deputy Le Fondré to withdraw this amendment. My reasons for that are that P.33/2013 and the 118-page business case introduces and details very clearly a comprehensive programme of change. It has been well thought out. It has been extensively worked on and it stands as a package. Tinkering with it here and there is a piecemeal approach. What we need is a methodical approach to this matter which is what we have in P.33/2013 and the accompanying business case, and just as important, is the fact that the Council of Ministers is accepting the amendment from the Scrutiny Panel. The result of this is to consult with stakeholders to develop draft regulations and then, and only then, bring back the enabling legislation to this Assembly for further debate. As Deputy Le Fondré said, today is an in principle request. Deputy Le Fondré's amendment is in the detailed phase and therefore not in context with any other regulations yet to be determined in consultation. I suggest that the Deputy is somewhat premature. By all means the Deputy can submit these ideas for incorporation in the proposals coming on later in the year or at the time of debate, or lodge an amendment, but to expect Members to agree to such detail today when we have accepted that this is only an in principle debate is, I think, confusing. We are in danger of ending up with the proverbial camel that was meant to be a horse. I therefore respectfully ask the Deputy if he would withdraw this amendment in the light of the whole lot coming back anyway under the Scrutiny Panel's part 2. Regrettably, the Deputy will not withdraw this amendment and it will be no surprise to Members that I am going to therefore speak against it. The first part of the amendment seeks to introduce as core principle controls over the use of surpluses by social housing providers. We consider this an unnecessary amendment for 2 simple reasons. Firstly, the amendment just repeats wording regarding surpluses already within the contractual funding agreement between the States and the Trusts. It is not intended in any part of P.33/2013 to amend these funding arrangements and therefore to introduce such detailed wording into regulations not yet drafted is putting the cart before the horse. Regulations, once completely drafted, will have to come back to this Assembly for approval, for ratification or for rejection. My second reason is perhaps more fundamental. It is because the Council of Ministers have accepted the Health, Social Security and Housing Scrutiny Sub-Panel's amendment. To accept such detailed definition of surpluses as a guiding principle would appear highly presumptuous of the intent of the sub-panel's amendment which is to give this House, as I referred, a further opportunity to debate the principles of regulation in detail after consultation. As a result, I urge Members to reject the amendment.

### **1.3.3 Deputy G.P. Southern:**

Yes, and we have come to the first "with respect" of the day and yet we appear to be playing hardball. The fact is that the objections that are being raised by the Minister, I believe, are ones that most Back-Benchers receive at some stage from Ministers and it is either: "This amendment or proposition is too vague" or: "This amendment or proposition is too well honed" and yet we are told: "Well, hang on, we are going to come back with regulations later so why can the Back-Bencher not amend things then?"

[11:00]

Because he has seen that his amendment needs making, he believes, and he can do it now and if one wants to amend and get things right to direct the sense of the coming regulations, then why should he not do it? Get it right and get it early is the principle that Deputy Le Fondré appears to be working on. Do it later, do it mañana, despite the hard work that has gone into this plan, appears to be the Minister's approach.

### **1.3.4 Deputy J.A. Martin:**

I think I remember having a conversation, and it was not about housing, with the ex-Minister for Housing, Senator Le Main, and I said in this House: “Who would you trust, an ex-car salesman or a lawyer when they were giving legal advice?” Now, I only have to read [Aside] ... maybe, but it depends what you are asking them: “Will this car last me to get round the corner?” or: “Will I get my money back?” whichever. But, with respect, and I have just listened to the Minister for Housing and Deputy Southern and you are damned if you do and you are damned if you do not because this only amends an in principle debate but does it make it better? To me, it makes it absolutely better. We have just heard what the trust that Deputy Le Fondré is involved with has done, and to my ears yesterday, and I know they have a surplus and they have only been going 13 years, the Jersey Homes Trust is sitting on £100 million. Good, good, and I was against them. Well, would you not be when we gave the land for £10 and they have still been paying very big loans but they have got a surplus. Where is our surplus? So who do you trust for it says in the second paragraph: “For the avoidance of doubt, such regulation would ensure proper governance of surplus generated” and it would absolutely, in principle, and when the regulations come back, if we have nailed our own feet too firmly to the ground, it can be changed. Shame on again the Minister and the Chief Minister. They like the wording but you are tying us down. Well, we cannot be having “in principle”; we cannot do it one way or the other. Absolutely again, it is absolutely a no-brainer. We have not got a good track record. Housing trusts have. Again, I would not go there but they are doing it well, and I cannot deny them that, but when somebody with the knowledge stands up and says here: “The Council of Ministers misunderstood what I have said or what I have been doing for the last 17 years as a businessman”, I know who I trust. I absolutely say this amendment does not go too far and, as Deputy Green has said, if it comes back a regulation too tight, we then amend it again or we might as well not be debating all these pages today.

### **1.3.5 The Deputy of St. Peter:**

I would urge Members to reject this amendment for 2 reasons. The Housing Department have displayed an ability to consult widely and thoroughly so far in P.33/2013 and I expect that they will do exactly that as they move forward with their regulations and we intend to get involved in that ourselves. Secondly, this business of surpluses that is being discussed. If you speak to any of the housing trusts, they are only too ready and willing to use their surpluses. Their frustration is with the inability they have found to achieve any agreement to go out and find sites so that they can build and use those surpluses.

### **1.3.6 Deputy J.M. Maçon of St. Saviour:**

Very briefly, I just want to remind Members on these types of in principle debates which is former Chief Minister, Senator Le Sueur, and even our current Chief Minister when he was Minister for Social Security, and when we had propositions in the States. What we do is request Ministers to do things. If they do not like it when they are lodging the regulations, they change it, as happened with former Deputy Hill, as happened with current Deputy Southern. So in that case, if the States were to accept this and the Minister and the department did not like it, they would change it anyway because that is what happens. So I have to say I am a little bit tentative and perhaps it is the cynic in me when talking about these types of things because learning the kind of the different processes that occur within this Assembly, I think that Deputy Le Fondré has made a very good point. I think his arguments are absolutely relevant and learning the track record that the States does have, this is a very important point. I would much rather perhaps we accept this and then have that further discussion as it is only in principle between the various players and then amend it so that all sides, if possible, heaven forbid, can find some common ground and we can move forward because I do not think what Deputy Le Fondré is asking for is unreasonable.

### **1.3.7 Deputy S. Power:**

I will say at the outset that I will be brief. I am not going to support this amendment. I feel that Deputy Le Fondré did quote the Council of Ministers having no objection, but it was selective in the rest of the paragraph which also says that: “However to make this a requirement of any subsequent regulation appears entirely unnecessary as there is no intent from the changes proposed in the main proposition to alter housing trust funding or agreements in any way.” I think that is an important point. That is something that I think is important that there is going to be no change in this area. Before I sit down, before you tell me to sit down, I have to say in defence of the Housing Department it is not easy or fair to compare a housing trust to the Housing Department. The housing trusts have never been saddled with paying £23 million a year to Treasury. They have never been saddled with that and so they have been able to make surpluses. **[Approbation]** As Deputy Martin said, the trusts were given some sites for £1 or £10. I think the Le Coie housing development cost £22 million to develop and it was transferred to that particular trust for £8 million or something in that figure. So do not, please, compare the Housing Department to a housing trust. It is like apples and pears.

### **1.3.8 Deputy J.H. Young:**

I think this amendment is very well meaning. It is on the right subject of the financial issues of the providers, the trusts, but unfortunately I cannot support it because I think it is the wrong mechanism and it is premature. This centres in on the need for regulation. Reading the Scrutiny Report, it makes clearly a case for being very careful about how far we go in the regulatory steps and particularly the views of the housing trusts, who have an excellent record since they were formed of producing the housing that we need, and they are bound to be a key provider of the future. So I am really worried about making a decision now to impose a prescriptive requirement and I much prefer a situation where if this proposal is approved we can come back to it later and work out how to apply regulation because it must not be bureaucratic and it must not be onerous. We have the comments of the individual trusts there, a letter from the trust circulated yesterday; all of that emphasised that. Of course, we should bear in mind that reading the report, the Isle of Man and Guernsey also have housing associations and providers do not have that regulation. So I do not think we should just automatically stamp that we are going to have this lock, stock and barrel as it were. I think this amendment goes too far and it is premature, so I am not going to support it.

### **1.3.9 Senator S.C. Ferguson:**

I think this is perhaps a touch of the precautionary principle. Despite the cynicism of Deputy Maçon, who I am glad to see is still in the Assembly **[Members: Oh!]**, I think we are just overreacting on this. I find myself in strange company with Deputy Southern and Deputy Martin. It is a different sort of world we are coming into. I think it is quite simple. If you read page 6 of the proposition, the company will have one principal source of revenue: rent. It is, therefore, key that the proposed new company operates on a par with the existing social housing providers, and that rents are applied for their core purposes and not wasted on potentially inefficient administration costs. Quite simple. The amendment sets out an overarching direction in order to avoid such a problem. If this turns out to be such a problem when going into the detail of the regulations and discussing it with the rest of the housing trusts, all the housing trusts together, then it can be changed, but at the moment I see no problem with this and I shall be supporting it.

### **1.3.10 Deputy J.G. Reed of St. Ouen:**

Just a point of clarification that perhaps the Chief Minister might deal with. Much has been said about the fact that this is an in principle debate, and yet I look at the proposition and there is no mention that it is in principle. Indeed, if you look at the proposition it specifically relates sections of the report to approval of certain matters. Therefore, I struggle to understand the Minister for Housing’s comment that this is not the time to consider detail. In fact, I would support that view as

a member of the Scrutiny Panel and many of the comments that indeed my chairman has made regarding this amendment, but we need to be clear. If this is an in principle matter and this is not the time for detail, we approach this debate in a very different manner to that which I believe is suggested in the proposition.

### **1.3.11 Senator P.F.C. Ozouf:**

Just to respond to the Deputy of St. Ouen and dealing with my opposition to this amendment, perhaps I started that by saying “in principle” and that is perhaps the wrong wording. I do regard this almost as a first reading. You do in parliaments have a number of goes at dealing with legislation and whole policy initiatives, and this is certainly the first time but it is not the last time we will deal with this. There will be needing to be further analysis and further scrutiny on the detail of this. I apologise if I used the words “in principle”; perhaps it is better to use it as a first reading. But that does not mean to say that we should not be agreeing at this stage important principles. I think, if I may say so, Deputy Power was absolutely right to say - and he would know as the previous Minister for Housing - that there is an important difference between the Housing Department and the trusts. Certainly, there are some differences between the trusts themselves. I will be supporting strongly the Scrutiny Panel recommendation. They said: “Hold on a minute, pull back. We want to look at this regulation that you are going to put in place because there can be and there might be some subtle changes, some light touch approach in some aspects of the regulation.” The Deputy proposing this is, of course, the honorary secretary of one of those trusts - no criticism of that - but, of course, that trust itself, Les Vaux, has, of course, a very different origin from other of the trusts that have been created. The Jersey Homes Trust is almost an off balance sheet financing operation if we are frank. It is a real quango in terms of its purpose. The States did not want to borrow money for effectively social housing and so we did it off balance sheet, and that has been done as a quango, a very successful one despite a number of Members’ concerns. Les Vaux, on the other hand, was set up to respond to a particular problem at the time, which was, of course, the sale of Troy Court as many Members would remember, and the very difficult circumstances. Troy Court, as I recall, had been given loans over 20 years at 4 per cent, a public subsidy. There may well be issues. From a Treasury point of view, I want to understand and I want to be, if I may, a little bit more involved working with - and ministerial government is about working with - colleagues, working with the champion of housing and actually dealing and putting in place the right regulation and the right arrangements for the individual social housing providers, which are different and we understand that. But different does not mean that there should not be a common denominator of regulation. Where there has been subsidy and public funds put in a variety of different ways - dare I say it, looking at the Constable of Trinity, he has had some benefit of some Treasury loans; Les Vaux has; other things - we are going to need to find an appropriate range of regulation for these individual providers.

[11:15]

That is why I think Scrutiny has done us a favour and said: “Pull back, have a look, make sure it is right, but please do not be prescriptive.” What Deputy Le Fondré is asking us to do is be prescriptive today when we have not done that work. I think that work needs to happen and I accept Scrutiny’s criticism, if you like, that we need to do some more work to get the right system of regulation. This amendment should be rejected.

### **1.3.12 Connétable P.J. Rondel of St. John:**

Until this came up and the words “in principle debate” were used, I was 100 per cent behind the Council of Ministers. But we are where we are within Government on the back of an in principle debate and look at the mess we are in. I am not going to say more than that, but we have finished up having a referendum A, B and C, and now we finish up with a right carbuncle on a boil.

**[Laughter]** Then I hear Senator Ozouf saying - and he is very good with words, he is a brilliant orator - we will call it something else, playing with words, a second reading or another reading, first reading. I am worried. Are we getting something pushed in under the carpet? If anything, the saving grace is the proposer because I know him as a real, genuine Member and he came across very genuine in answering the questions yesterday. I get worried again when I heard something else the Minister for Treasury and Resources said. He wants to be involved. **[Laughter]** He wants to be involved. Well, we saw what happened when he got involved with Social Security. All of a sudden there is money moved from here to there and it is being used for other purposes. He says: "Good." I do not agree. That money belonged to the people who paid social security, not as part of a tax for the Minister for Treasury and Resources to spend in other ways. But we are where we are. In principle debates worry me because what we say today gets twisted around. In fact, the meat does not get put on the bones, as we saw with our government reform. As much as I want to be part of the team, I do not know if I can on this one because I think the Deputy of St. Lawrence has raised a good point. He has concerns and I have concerns. When I heard the words "in principle debate" or "first reading" as it has been now called by the Minister for Treasury and Resources, well, my ears pricked up and I thought I have to say something here because after 15 years of playing around with government reform, how long will it take to get the reforms through in housing? I think the Members know where I am coming from. I have said sufficient.

### **1.3.13 Deputy T.M. Pitman of St. Helier:**

I will use the cliché very briefly because I am not going to repeat all the things which I happen to agree with, just to say that I am in the same camp as the very cynical, I am pleased to see, Deputy Maçon, Southern and Senator Ferguson. What strange alliances are forming. When I hear "in principle", like the Constable it worries me because let us be honest, and it is not down to the current Minister or, to be fair, the previous incumbent, Deputy Power, but housing was one big and utter shambles. It was all mainly down to one former politician when you saw the appalling backlog of maintenance and the negligence. When we say there is a difference between trusts and Housing, I would hope so because I am hearing, like others, about this £100 million surplus that a certain trust is sitting on. Taxpayers' money, really. The same trust who are quite happy to take a lady, former tenant now suffering with dementia, trying to take her to court and hassling her family, that is the result of not doing things and having principles and regulations. The housing trusts over here have been a licence to make gold. It has been an absolutely shambolic performance and I hope the Minister will act as quickly as he can to do something about it. I think Deputy Southern really right at the beginning had the key to this. You get penalised if you have too much detail. You get penalised if you are too vague. It just seems the Council of Ministers increasingly move the goalposts. Now, I happen to think Deputy Le Fondré of St. Lawrence has spoken a lot of sense and particularly seems to speak a lot of sense since he came away from the dark side. I will be following him as he moves us towards the light. I think what he is trying to do is quite positive. I have probably lost him the vote now. **[Laughter]** The least said about the Minister for Treasury and Resources wanting to be involved the better. I know he likes to get involved and it is important he is involved in a lot of things, but I cannot go along with him this time. I am going to be with Deputy Le Fondré and I would urge all other Members to do so.

### **Deputy S. Power:**

Can I just say that I disagree with what Deputy Pitman said about the former Minister for Housing. I believe he was an excellent Minister and I think Deputy Pitman has been very unfair.

### **The Bailiff:**

Does any other Member wish to speak? I invite the Deputy to reply.

### **1.3.14 Deputy J.A.N. Le Fondré:**

As with any of these debates, it is always a matter for Members. Sorry, I have just been passed a quote which I shall use in my speech, on an iPad which I have only used about twice in my life. So I am just making sure it does not turn off on me, which could cause a bit of mayhem if you want some entertainment shortly. As I said, this is a matter in my view of clarification. It adds words to part (a)(i) of the proposition whereas, as we said, the next amendment by Scrutiny which the Council of Ministers is accepting is in a separate part of the debate. I will comment on some of the remarks we have had during the debate, but in another comment by the Council of Ministers, the Council of Ministers talk about how they cannot be confident at present about a housing trust whether it has made adequate provision for the future to maintain homes to the decent housing standard. That is partially what this is all about. So we have a few conflicting remarks coming through. From Deputy Green, on the one hand it is too detailed, yet it is exactly the same as what is already in existence. So if it is exactly the same as what is already in existence, what is the problem? Because that is what everybody signed up to out there. That apparently is what the new company is going to be signed up to. That is what we have been told, so why is it going to cause such a problem with existing social housing providers? That is what they already have, so all I am trying to say - and we will get on to whether this is in principle or not - is to put a framework in there. As has been said, it may come back slightly amended, but this is that first point. To the Deputy of St. Peter, yes, I am pretty aware I think of the housing trusts' position on a number of areas, but everything I have brought is obviously in my role as a States Member based on my experience. Now, in relation to Deputy Power about intention, which is the comment in the Council of Ministers that I think they make: there is no intent to move away from the changes. I intend to take my wife to a very nice restaurant tomorrow, but I do not know if it is going to happen because I could well still be in here. That is the problem. That is the difference between intention and whether it is actually going to happen. You can intend everything and circumstances change. This is about trying to bring clarification and certainty in. I think that is where we get on to the in principle bit, and this is an email that Deputy Vallois has just passed to me. She had asked the question from the Greffier and this is the comment that has come back: "Although any in principle decision does allow a subsequent debate, it is not really possible for a Minister to come back at the second stage with something that is vastly different or incompatible with the earlier decision without specifying in the second stage that the initial decision has been varied or even rescinded." Now, I am going to stop there but I think that is the point. This is the right point to bring this kind of idea into this document. It is putting it into the report, which is then referred to as part of the proposition. If one tries to bring it back at the legislation stage, it is going to be not possible because it will have to be drafted by a lawyer, basically. That is the difficulty. As I said, that is the comment that has come from the Greffier about where we are in terms of the status of this kind of: "Is it in principle or is it detail?" and it is a difficult balance. I also refer, as I said, to a Scrutiny comment. This is about a slightly different matter and it is about returns being made to Treasury. It says that principle needs to be reviewed given the existence of a return is widely acknowledged - it was actually Deputy Power's point - as a factor that impaired the Housing Department's ability to maintain and refurbish its stock. I agree with him on that. That is why I am trying to avoid getting into the situation of the department versus the trusts. The trusts have provided successfully 1,300 units since the early 1990s. That is a tick and that is operating under these kind of definitions and principles. "The sub-panel is concerned that introduction of a return could see the trusts similarly struggle to meet the costs of development, maintenance and refurbishment." That is their words. As I have said, the Council of Ministers recognise that the trusts do have a need for financial certainty, not least for both medium-term planning, but giving financial certainty to their lenders over the security of their loans. As I said, those are the organisations that have delivered 1,300 units of social rented accommodation successfully at little cost for the States relatively in the last few years. The Council of Ministers do not have a problem with the wording. All I am trying to do is simply trying to ensure that existing housing providers can continue to make long-term plans. As

we have said, these are long-term projects. Senator Ozouf has rightly referred, as I have done, to Troy Court. Twenty-four years down the line this year after purchase it is finally going to be repaid. Now, there are very, very few States Members in this Assembly who have been here that long. So that is what one is trying to do. One is trying to put in some long-term certainty and structure, making sure that people do not look at cash and treat it as a surplus, that there is a clear distinction and understanding of what a proper surplus is. On that basis, bearing in mind, as I said, the comments from the Greffier about timing and obviously the comments in the Scrutiny Report and the comments from the Council of Ministers do not have any objection to the wording, which is identical to the existing situation, I make the proposition.

**The Bailiff:**

The amendment is proposed. Do you ask for the appel? Yes, the appel is asked for then in relation to the amendment proposed by Deputy Le Fondré. I invite Members to return to their seats and the Greffier will open the voting.

<b>POUR: 20</b>	<b>CONTRE: 26</b>	<b>ABSTAIN: 0</b>
Senator A. Breckon	Senator P.F. Routier	
Senator S.C. Ferguson	Senator P.F.C. Ozouf	
Connétable of St. Clement	Senator B.I. Le Marquand	
Connétable of St. Mary	Senator F.du H. Le Gresley	
Connétable of St. John	Senator I.J. Gorst	
Connétable of St. Ouen	Senator P.M. Bailhache	
Connétable of St. Martin	Connétable of St. Helier	
Deputy R.G. Le Hérisssier (S)	Connétable of Trinity	
Deputy J.A. Martin (H)	Connétable of St. Peter	
Deputy G.P. Southern (H)	Connétable of St. Brelade	
Deputy of Grouville	Connétable of St. Saviour	
Deputy J.A.N. Le Fondré (L)	Deputy R.C. Duhamel (S)	
Deputy S. Pitman (H)	Deputy of St. Ouen	
Deputy M. Tadier (B)	Deputy J.A. Hilton (H)	
Deputy T.M. Pitman (H)	Deputy of Trinity	
Deputy T.A. Vallois (S)	Deputy S.S.P.A. Power (B)	
Deputy J.M. Maçon (S)	Deputy K.C. Lewis (S)	
Deputy G.C.L. Baudains (C)	Deputy E.J. Noel (L)	
Deputy of St. Martin	Deputy A.K.F. Green (H)	
Deputy R.J. Rondel (H)	Deputy of St. John	
	Deputy J.P.G. Baker (H)	
	Deputy J.H. Young (B)	
	Deputy S.J. Pinel (C)	
	Deputy of St. Mary	
	Deputy R.G. Bryans (H)	
	Deputy of St. Peter	

**1.4 The Reform of Social Housing (P.33/2013): amendment (P.33/2013 Amd.) - Part 2**

**The Bailiff:**

Very well, we come next to the second part of the amendment lodged by the Health, Social Security and Housing Scrutiny Panel. I ask the Greffier to read the amendment.

**The Greffier of the States:**

Part 2, page 2, paragraph (a)(ii) and (b)(i) - delete paragraph (a)(ii) and in paragraph (b)(i) for the words: “and to further request the Chief Minister to bring forward for approval by the Assembly the necessary legislation to give effect to the proposals in relation to the regulation of social housing;” substitute the words: “To further request the Minister for Housing, in consultation with the Chief Minister, to bring forward for approval by the Assembly detailed proposals which are proportionate for Jersey in relation to the proposed mechanism for the regulation of social housing with a view to bringing forward for approval after the debate on the draft proposals legislation to give effect to the proposed regulation system as approved by the Assembly.”

#### **1.4.1 The Deputy of St. Peter (Chairman, Health, Social Security and Housing Scrutiny Panel):**

We consider that the key principles presented in P.33/2013 still lack detail with regard to the establishment of a regulator.

[11:30]

The sub-panel have drawn attention in our report to the serious implications that may arise if the States approve broad principles that may later see a regulator established that is out of proportion to the needs of the Island or to social housing tenants. The sub-panel is concerned that the wording of in principle enforcement powers risked the States unwittingly endorsing a mandate to bring in more draconian regulations at a later date. The second amendment, therefore, requests that before any legislation is brought to give effect to the proposals in P.33/2013, revised proposals for the regulation of social housing which are proportionate and appropriate for Jersey should be first brought forward for consideration. The sub-panel expects that this will allow for a separate debate on regulation in due course. As we have heard this morning, Members appear ready for that debate. While the sub-panel broadly agrees that regulation could help the sector in the form of ensuring adherence to decent home standards and to assist the trusts in borrowing, the shape or form of regulation required must surely be debated before being implemented. In many jurisdictions, the introduction of a social housing regulator follows a series of breaches of good governance on behalf of providers. It is the end of the line that begins with voluntary cooperation between providers in the form of social housing charter or codes of practice. The sub-panel has been advised that to jump straight to the introduction of a standalone regulator is unusual, especially when a clear and convincing argument for its establishment involving poor governance of providers cannot be readily identified. Specifically, we are recommending the following 4 action points to address concerns around bringing in the regulator. One, prior to introducing a social housing regulator, alternatives for regulation should be brought forward that are more appropriate to the size and nature of Jersey’s social housing sector, including a social housing charter or a code of practice developed within the next 12 months and signed up to by all providers. Secondly, a Jersey homes standard that is appropriate to Jersey’s needs and must be created within the next 12 months. Thirdly, regulatory activity needs to be focused on improving service delivery, as opposed to dealing with service failure and should rely upon co-operation rather than compulsion as much as possible with regard to directing the financial affairs of other social housing providers. Finally, any regulation should be flexible enough to include the private rental sector and other social housing providers in future without significant and costly institutional change. The sub-panel considers that the introduction of an independent regulator is not immediately appropriate for Jersey’s social housing sector alone. Details of proposals with statutory regulation are not sufficiently developed and the sub-panel is concerned that the Assembly is being asked to sign up to too much in advance, especially given the level of power and control that would be created. The sub-panel, therefore, suggests a voluntary approach would be more appropriate to Jersey’s situation to begin with.

**The Bailiff:**

Very well, is the amendment seconded? **[Seconded]** Does any Member wish to speak on the amendment? Deputy Green.

#### **1.4.2 Deputy A.K.F. Green:**

Let me say right from the start that the Council of Ministers and myself are accepting this amendment. I think we might have got that message from the last amendment. I hope that this will give some comfort to the Constable of St. John as I work my way through what I have to say. The packages we are presented in this proposition are complementary and consistent and we plan to deliver an arm's length delivery combined with appropriate and proportionate regulation, a sustainable rent policy to deliver improvements in the living standards for our tenants, and strategic leadership across the range of housing policy issues. However, I do accept that the form of regulation and in particular the extent of the legal powers and sanctions, as well as the level of independence any regulator has, are areas of legitimate concern and interest for this Assembly. This is why as the Council of Ministers we have accepted this amendment. If the Assembly agree, we can look forward to a separate and comprehensive debate on the scope, form and detail of that regulation. Let us just think for a minute what the purpose of regulation is. It is not just simply about how we view the current efficiency and effectiveness of the trusts in delivering for their tenants. I believe they perform a valuable role now, for which I thank them. Unfortunately, however, we do have a significant proportion of social homes that do not meet the Decent Homes Standard. Ultimately, regulation is about recognising that these are very sizeable portfolios of assets and that a proper framework is needed to secure the best interests of tenants and the community in the long term. For example, is it legitimate and proper for this Assembly to provide leadership and direction with reference to matters such as rent policies and tenant engagement and to secure improvements in standards where needed? We cannot and should not rely entirely on self-regulation, otherwise there is a danger that we accept more of the same for tenants, which I do not accept is good enough for the community that we are looking forward to in the future. At the same time, of course, I fully agree with the panel that the regulation should be appropriate, proportionate and not excessive administration burdens on providers of social housing, that it should add value and facilitate improvements in service delivery, and also clearly cooperation wherever possible is much preferable to compulsion. This is why throughout my time as Minister I have always made it very clear that I would welcome a comprehensive debate on the scope and detail of regulation. Indeed, there was much discussion among the Ministers on the political steering group for the Housing Transformation Programme about the extent and the precise role of regulation. I think all the chairmen, but particularly I spoke to the chairman of Jersey's largest trust, he agrees there should be regulation. In fact, he said regulation will help them secure loans to carry on their work in the future. The task, then, is to achieve the right balance and I am confident we can do this having further considered the findings of the panel, which I welcome, and building on all the work which we have done to date. Given all this work, I think we can have that debate soon, certainly before the summer recess. I look forward to it and I hope that gives some assurance to the Constable of St. John: before the summer recess we will be having that debate on the regulation. The Council of Ministers have accepted this amendment and I thank them.

#### **1.4.3 The Deputy of St. Ouen:**

As has already been said, it is the sub-panel's view that a clear and convincing argument for the establishment of a new social housing regulator as set out in P.33/2013 has not been made, and the key principles presented still lack the kind of detail that the sub-panel would expect to see, and were concerned that the States were being asked too much. Hence the reason why we brought this amendment. More importantly, the proposals lack any significant information about the relationship between social housing tenants and the proposed regulatory body, something that I believe would be essential for any regulation to be meaningful, especially with regard to the tenants

or clients that we aim to support. Should the States decide a regulator is required, it will be important to understand the implications of establishing such a body. Furthermore, I am therefore pleased that the Council of Ministers have accepted this part of the amendment and the Minister for Housing himself has accepted many of the panel's recommendations, including recommendation 9, which indeed the chairman of our sub-panel mentioned. However, I am concerned that the Minister for Housing has chosen to reject recommendation 11, which states that any regulation should be flexible enough to include the private rental sector and other housing providers in future without significant cost and institutional change. Presently, the key principles that will underpin the law are that the regulator will be an independent body concerned only with the affordable housing sector. This is of concern as the panel believe that regulation should and must include the private sector to deal with the many matters that we all know exist. I appreciate that it may take longer than first planned if regulation of the private rental sector was to be included in the development of the social sector framework. However, this approach is likely to save work in the long term and, more importantly, ensure that people renting in the private sector can enjoy the same standards as those in the social housing sector. I therefore ask the Minister for Housing and, indeed, the Council of Ministers to give further thought to including the private sector in any regulation proposals that will be brought back to this House to be considered at a later date.

#### **1.4.4 Deputy M. Tadier of St. Brelade:**

I would like to follow on from that because I am wholeheartedly in agreement with the Deputy of St. Ouen and I believe the panel as well in their recommendations. Where is the joined-up thinking in Government, where we have known for quite a while that it is the private sector, not the Housing Department or necessarily the trusts ... the Housing Department is probably the best housing stock in the whole Island if taken as a whole, apart from maybe the very top end of luxury flats in the Island, which most of us have no chance of ever renting or buying. It is not the Housing Department ironically, paradoxically, which needs the regulation but it is quite correct that it should have the regulation and they are leading by example. It is the private sector, even the private sector, the (a) to (h) categories, which need regulation. Now, this has already been recognised by Government, albeit quite late on in the day, and that is why we have the Health Department now not pushing on an open door saying: "We are going to have an investigation to see if there is any substandard quality housing out there", which we know is the case already. Channel Television exposed it a few years ago, but we knew that anyway. Of course, we have the Health Department now saying: "We think it might be a good idea just to go into everybody's homes, even if they are owner occupied, so that we can look for rats that are hiding under the sink." We saw that picture in the *J.E.P. (Jersey Evening Post)*. Whether that was a local photo or not, I do not know, or if it was a stock photo taken off the internet, one does not know, but one imagines that exists anyway. It seems to me if the purpose is to regulate the quality of homes, it does not fall with the Health Department to do it. It falls with the Minister for Housing and this is the perfect opportunity to do it while we are debating the Housing Transformation Programme. We obviously have the previous propositions that have been tied in all to do with population, et cetera. This is the place to do it. It is not for the Health Department to do it and to have even more draconian measures than we necessarily need. This is the place to do that. Absolutely, Minister, we would ask you somehow to make sure that there is a mechanism set up for the private sector which is both proportionate and effective for local needs. Because there are many hard-working Islanders who do not qualify for income support, who do not qualify for social housing, who cannot get on to the lists anyway because the criteria, as he says, is quite tight, who are being let down by the system. This is the perfect opportunity to do it. Just some other comments on this. I am slightly concerned and I know Jersey likes light touch regulation, but we see in the comments of the Scrutiny Panel it says: "If housing trusts are to be relied on to deliver a sizeable proportion of new social affordable housing, growing the sector should be the overall goal for regulatory activity rather than compelling

providers to achieve uniform standards.” They go on to say that regulatory activity needs to be focused on improving service delivery as opposed to dealing with service failure. What I would say is that those 2 things are not mutually exclusive. I think you can have regulation to achieve equal standards for all providers, which I think is what we would all agree with. I would say it does not really matter if there is compulsion as opposed to voluntary compliance. If you are doing the right job anyway, if a service provider, let us say, in a trust is providing the correct service, compulsion will not matter because he or she as a provider will not be compelled to do anything anyway. I think we have to be slightly careful about that. I find perhaps the addition of the word “Jersey” is also slightly strange perhaps because if something is proportionate it should not matter whether it is proportionate in Jersey or not. I understand where they are coming from, but I think obviously these have been tailored towards the Jersey context. So just a couple of observations. That does not detract from the hard work that the panel have done. Absolutely, we must finally grasp this nettle. This is the perfect time to do it for regulation in the private sector as well. It is quite right that the Minister for Housing is leading by example on this, and wants to do that in his area, but we really need to get the standards right across the board because we have to recognise that social housing and trusts are not the be all and end all and many people in the Island live in substandard accommodation. They may even have absentee landlords. There needs to be a mechanism for those to flag the issue up and it is not for the Health Department to be regulating housing, I believe.

[11:45]

#### **1.4.5 Deputy S. Power:**

You will be pleased to know that Deputy Tadier has already said some of what I was going to say, so I can be brief again. My words are this. A housing regulator will be needed for the new Jersey housing, a bit like New Labour 20 years ago, new housing, and that will regulate the trusts. I also believe that there is a role for this regulator in looking at private rental sector and the private sector. I say this because in my 2 years at the Housing Department I did go out on a number of inspections of lodging houses and there were some absolutely fantastic lodging houses on this Island, but there were also lodging houses that I would say nobody in this Chamber or their families would wish to live in. But there is a complete variation in how it is done so in that area I do think that regulation is needed. I would elaborate a point made by Deputy Tadier further and say that Health and Social Services and the health protection or health inspectorate should not regulate housing, because I think they could be conflicted themselves. The reason I say that is that if we had one housing regulator, and that is common ground here for the Minister for Housing and the Council of Ministers, I would suggest that Health and Social Services should get out of the business of provision of housing completely and hand it over to the new Housing Department. I would also say finally that a housing regulator that can regulate all stock of Jersey housing, that owned by the taxpayer, be it housing or health or merged, would be a much better way to do it.

#### **The Bailiff:**

Does any other Member wish to speak? Deputy Young. Can I just remind Members this is an amendment which is accepted.

#### **1.4.6 Deputy J.H. Young:**

Yes, I understand that. I am 100 per cent behind the amendment, which I think yet again the Scrutiny Panel has given us an excellent way forward, deleting the firm commitments to a prescriptive regulation and bringing back a requirement for, as the Minister for Housing has said, scope, form and detail for us to have a debate on. I certainly will be looking to see that including the private sector rental, but also I am looking to see it including the Parishes as well. I accept there needs to be discussions, but I think we did have some very negative comments about: “Well,

this regulation should not apply to us” and so on in the Scrutiny Report. I think the regulation needs to look at housing per se. I am for a light touch on the finance side, but I really go for a strong firm hand on question of service standards. I think that absolutely has to be the focus to ensure that we bring up a high standard and we have a regulator that really can work to help improve and deliver housing standards. The links to Guernsey as well, which are mentioned in the scrutiny report, this benchmarking club to help us do that, is another thing I expect to see in this.

**The Bailiff:**

Does any other Member wish to speak? I invite the Deputy of St. Peter to reply.

**1.4.7 The Deputy of St. Peter:**

I thank Members for their support on this issue. I would just like to explain really where we were coming from with the issue of proportionate to Jersey. We came at this point from the view that the regulation that was being proposed was tending to be perhaps large and unwieldy and we were very much of the mind that Jersey has about 6,000 units of social housing accommodation. Therefore, any regulation that was to be brought in ought to be proportionate and relevant to the size and scale of social housing and hopefully other housing provision in Jersey. I hope that assists. We also were urging the Minister to look at alternatives such as charters and benchmarking, which I think the Chamber have fully understood. In finishing, I would just like to draw Members’ attention to the Minister’s response to our recommendations. In rejecting our recommendation 11, which was encouraging the introduction of private rental sector regulation as well as social housing regulation, the Minister said: “This is rejected as it is not appropriate to consider any form of private sector regulation until the framework to be used within the social sector is confirmed.” Listening to today’s debate and with the promise that perhaps we will debate the regulation before the summer recess, one can hope that perhaps private sector regulation may follow quickly after that of the social housing sector. I thank Members for taking part in this debate and I thank the Council of Ministers for their support and ask for the appel.

**The Bailiff:**

Very well, the appel has been called for then in relation to the amendment of the panel. I invite Members to return to their seats and the Greffier will open the voting.

<b>POUR: 43</b>		<b>CONTRE: 2</b>		<b>ABSTAIN: 0</b>
Senator P.F. Routier		Deputy J.A. Martin (H)		
Senator P.F.C. Ozouf		Deputy T.M. Pitman (H)		
Senator A. Breckon				
Senator S.C. Ferguson				
Senator B.I. Le Marquand				
Senator F.du H. Le Gresley				
Senator I.J. Gorst				
Senator L.J. Farnham				
Senator P.M. Bailhache				
Connétable of Trinity				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Mary				
Connétable of St. John				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of St. Saviour				

Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérisier (S)				
Deputy G.P. Southern (H)				
Deputy of St. Ouen				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy S. Pitman (H)				
Deputy K.C. Lewis (S)				
Deputy M. Tadier (B)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				
Deputy G.C.L. Baudains (C)				
Deputy of St. John				
Deputy J.P.G. Baker (H)				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				

## **1.5 The Reform of Social Housing (P.33/2013): fourth amendment (P.33/2013 Amd.(4))**

### **The Bailiff:**

Very well, we come next to the fourth amendment lodged by Deputy Vallois. I will ask the Greffier to read the amendment.

### **The Greffier of the States:**

Page 2, paragraphs (a)(iii) and (b)(i) - delete paragraph (a)(iii) and after paragraph (b)(i) insert a new paragraph (b)(ii) as follows: “To request the Minister for Housing to bring forward for approval by the Assembly detailed proposals in relation to a revised rent policy and to take no steps to implement any revised rent policy until the proposals have been approved by the Assembly,” and renumber accordingly.

### **1.5.1 Deputy T.A. Vallois of St. Saviour:**

Firstly, as I announced this amendment to the States, I would like to make Members aware that, of course, I have family that are in social housing but I have no pecuniary interests. I thought it appropriate to let Members know from this point. As the Minister for Housing knows, I come from a very similar background to himself. We have had discussions around this, and we do part ways on particularly the rent policy, hence my amendment. But I think it is important for us to air the issues and concerns that I believe there are around this 90 per cent of rent policy. I would ask Members to listen and understand where I am coming from in terms of my argument against 90 per cent of private market rent policy. As I have said, similar background to the Minister for Housing. I come from social housing which in 2009 I left, and I cannot praise the Social Housing Department more for the work and support that I have seen growing up and in recent years in my role as a States Member. Basically, my intention is not to derail the whole programme. I agree with moving

forward with housing. It is a long time coming and we have to move forward. For me to appropriately air the concerns and issues, I have had to bring this amendment so that other Members get the chance to explain how they feel about 90 per cent of rents, what they see as social housing, what they see as affordable housing, and how we are going to drive this forward in the 30-year time gap. I will still be here in 30 years. I will still be paying taxes in 30 years. I will still be paying social security contributions in 30 years. So I would just like to remind Members, of course, that I will see the consequences or the unintended consequences, that may arrive out of what we are debating in the Housing Transformation Programme today. To make it clear, I have been looking into and researching the various areas and flexibilities of social housing. By doing so, I have, in fact, been to see various departments and asked many questions during the past 18 months to establish my understanding and also provide alternative ideas to the process. My amendment requests that this Assembly does not take this decision of 90 per cent of market rent levels and requests further work and analysis to be carried out before regulations are brought to the Assembly. We have already heard the concerns around the in principle debate. Now, I was advised by the Minister for Housing that this would be an in principle on the 90 per cent rents. I know from my experience in this House of having in principle debates, when you try to come back and amend something in regulations you are told: "We have already approved it, you are just wasting the States' time." So I have brought it today to get it out and aired and the concerns and issues raised, and it is appropriate that those be placed on Hansard so that if we do find any issues or concerns in the future we can work around them and learn from our mistakes. My main reasons for requesting this I will explain now. Although it has been stated that this would be a social business, there is a lack, I feel, of social acumen used within both the report and proposition and the full business case. The social impact assessment that has apparently been carried out is, in my view, poor. The whole premise of the Housing Transformation Programme has been built up around a 90 per cent of market rent level rather than a clear, definitive meaning of what the Government want for social housing. The 20 year-old policy was not even defined as 90 per cent of market level but was taken to mean fair. What would you consider fair? The H.S.S.H. (Health, Social Security and Housing Panel) state in their report a viable option for an 80 per cent of market rent levels, which I have here, which was 80 per cent of market rent policy with a one-off reduction to the return to Treasury in 2016 of £4.75 million. They go on to explain the risks surrounding that, but the Council of Ministers have chosen not to go down that road and they feel that 90 per cent is most appropriate. I would like to say, firstly, thank you ever so much to the H.S.S.H. Panel for their sterling work on the H.T.P. (Housing Transformation Programme). It has been very helpful and very informative. But I do not, as the panel have stated, reluctantly accept 90 per cent of market rent levels, especially when it comes to addressing social policy objectives. To put this into context, we are being sold a policy under the auspices of large protection through income support. So let us consider one of our very important and extremely pertinent visions from our strategic plan: jobs, jobs, jobs. The most alarming comment in the report of the Council of Ministers is the reference to their in-depth social impact assessment where it states: "Given that States tenants in receipt of housing component of income support will be fully protected from the proposed rents policy, there is, therefore, no direct adverse economic or social impact on these tenants. It is recognised that following the return to fair rent levels tenants' earnings would need to increase to a greater extent in order for them to no longer require income support", which is also backed by a recent headline finding of the rent setting for social housing tenancies by the social policy section of the House of Commons, which states: "A higher rent is likely to increase worklessness with an increased earnings threshold required to escape housing benefit." That report was published on 17th April this year. This leads to the question of what is it we are trying to do as a Government or Legislature. What are the Government trying to do? What happened to the mentality of providing a hand up, not a hand out? Have any sample analyses been carried out as to comparisons between people claiming income support to those who are trying to work, but keep getting beaten down with

our constant realigning and bulldozing of policies? The actual resulting argument, therefore, forms into one of what is social housing. I have my own understanding and interpretation, as I am sure 50 other States Members have. How do you envisage driving a 30-year policy through this Assembly without clear definition and, therefore, direction of what social housing is? A U.K. company, Catalyst Housing, defined their social rent at approximately 40 per cent of market rent levels and lifetime residency.

[12:00]

They state that affordable housing is set according to market conditions up to - up to - 80 per cent market rent levels with fixed term tenancy. What we are effectively saying by adopting the 90 per cent of market rent levels is goodbye to social housing for good and hello to further disincentives for working. I will turn to, as I am sure the Council of Ministers know, one of my very favourite documents, the *Social Policy Framework*, which seems to have been forgotten. I will turn to page 4 of that *Social Policy Framework*. This was May 2007. As far as I understand, there have been no changes, no updates, no new policy, so I am assuming we are still working to this framework. I will explain the aim to the States: "Jersey's *Social Policy Framework* is intended to help move the Island towards being a society where households are financially independent and where citizenship, neighbourliness and civil participation play an important part in Island life." Then it goes on to summarise that aim. The key principle was promoting independence, supporting those at risk and protecting those in need. It was the promotion of the independent. It was supporting those at risk and protecting those in need. There was a suggestion for a corporate pathway, support pathways that we were going to have across the whole of social policy that I do not think has happened. It is here and there. We have a health pathway but nothing set in stone to join up our social policy. On recommendation 1 of that policy, all major policy initiatives that impact on social issues in Jersey should be assessed against the aim and key principles of the *Social Policy Framework*. Page 10 of that policy refers to housing. Point 29: "Had the housing application triggered an assessment of tenants' needs, it might have identified why the household was on a low income and whether short-term support to address, for example, health or employment issues might have been the most appropriate way forward. A support package might include the temporary provision of subsidised housing, but the aim would be to help that family achieve an independent future. In the absence of such a system, the States accumulates unnecessary costs in continuing to protect households that are capable of being self-sufficient. Over 20 per cent of households living in States social housing now have incomes that are too high to qualify for rent abatement. Social rental housing is supposedly dedicated to individuals or families with financial or social needs, but several hundred tenant households have incomes that are among the top 40 per cent in the Island. At the same time, the States maintains waiting lists for people in urgent need, and invests significant capital in building more social housing." The research shows that social housing rents is based on the income of households and there are usually an array of various other types of housing available, sometimes with assistance and incentives to allow for social mobility. This policy does not justify our social objectives as currently set out, and I would ask Members to take this into serious consideration. We have been told that the hidden subsidy, and the reason why we are dropping the hidden subsidy, is to make it more transparent. If we want to be more transparent, I need to know where that £12.3 million is going that we are giving back to Treasury from Housing every year, or the increase that we are giving back to Treasury every year. Where is it going? How is that broken down? How is it applied? Is it ring-fenced? It is housing tenants paying £26 million back to Treasury this year and I have concerns about this return because what we are saying is let us set Housing on the same level playing field as housing trusts but not on the same level playing field because Housing will have to pay back £26 million a year, or more as it gradually goes, but the trusts might have to pay some or a small amount back, private sector will not have to. But that was a policy that was agreed 23 years ago by the States Assembly - well, by the Housing Committee - that we would help those

in the private sector that needed the help. I can understand why that was put in place, but nothing happened in that 23 years as to how we were going to deal with this vicious circle of money going round and round at the detriment of social housing maintenance. I would ask Members to consider what I have stated in my opening speech and I look forward to hearing what Members have to say.

**The Bailiff:**

Is the amendment seconded? **[Seconded]** Deputy Green.

**1.5.2 Deputy A.K.F. Green:**

I will try and pick up on most of the points because there are no easy answers here. The hidden subsidy that Deputy Vallois referred to exists and it has existed at the cost of maintenance. That has to stop. The 20-year policy that the Deputy referred to is correct. The trouble was that it was not adhered to and that is why we find ourselves in the mess we are in. I would just like to pick up on encouraging people to develop independence and suchlike. At the moment, we have no or very few ... we have the odd ad hoc scheme that allows people who have improved themselves by getting qualifications, by getting better jobs, improved their income, but they often find this later in life where they could not perhaps get a 30-year mortgage or suchlike. We have very few, as I say, ad hoc schemes about shared equity, about home-buying examples. We need to bring that sort of thing forward in a strategic and balanced way, to use the Scrutiny Panel's term, to have a proper exit strategy for those for whom life improves. I want to go back to my opening speech when I said that Professor Whitehead found that the great majority of tenants were in need of the housing that they had. Having said that, if people's situation improves then we should be able to encourage them and support them and give them that leg up that the Deputy was referring to. The Deputy also made some comments and I think we have much in common, but the Deputy also made some comment about households who have a great income. It is the household income and it is very few. I think it was about 155 but I will get officers to check that. It is the household income that was counted in that survey that we did with income tax and social security. That household income was above £40,000. That household income was the income of mum, dad and perhaps 2 children. We know that because we have a very good education system often well-qualified children living with mum and dad are earning more than mum and dad. Of course, once they move out then that becomes a household well within the levels that need support. So I agree we need an exit policy. I agree we need an independent future for some people, and I agree that we need a support package. I have written all these things down that the Deputy has said, and we need incentives for social mobility. I agree that but I think we have to accept, as Professor Whitehead said, for the great majority of people that mobility is just not possible. Then we come back to should we have a 90 per cent of market rate policy. Would it not be wonderful and popular to be able to say to people: "We can do it at 80 per cent market rate." But if we do that, we will be precisely where we are today. The only way you can provide an 80 per cent market rate rent is to fail in your obligation to carry out maintenance or fail in your obligation to build and invest in new homes or fail in your obligation to do both. This 90 per cent market rate was not some wonderful ideological figure plucked out of the air. It was worked on by experts from Cambridge and Oxford and places like that. They worked on it. They understood the market. They really reviewed it. The social policy impact work was done that Deputy Vallois referred to. The Scrutiny Panel were unhappy with 90 per cent so they got their adviser from the Institute of Housing to try and model 80 per cent and we did the same in our spirit of co-operation. What was the answer? It cannot be done. If you want more of the same, stay with 80 per cent. The work has been done. This is nothing but delay. I know the Deputy does not intend to delay us, that is not her intention, but the problem is it will delay us. 90 per cent is the only thing that will work or we will have more of the same and you will increasingly have homeless and people living in substandard accommodation and I am having no part of that.

### 1.5.3 Senator A. Breckon:

If we come back to the amendment, it is what Deputy Vallois is asking the House to do, and that is request the Minister for Housing to bring forward for approval by the Assembly detailed proposals in relation to a revised rent policy. I think there is a good basis for doing that. The Minister for Housing has just said the 20-year policy was not adhered to. That was on rents. There was a very good reason for that, and the reason is because the properties were not maintained and we should have been paying some people to live in these places, not the other way around, because it fell behind by a long way. If you want an example, you only have to go to Le Squez where we did not maintain the properties, we waited until they fell down, and then we have a major new build going on there, which incidentally was supposed to be self-financing. In fact, there was a surplus and, of course, that never happened. So the question is if we are going to look at rents, where has the rent gone. Deputy Power chaired a sub-panel that looked at the social housing property plan. One of the recommendations of that was that the Comptroller and Auditor General be requested to undertake a study of the past and present relationships between housing and housing trust finances and rent subsidy schemes together with the implications of the move to social security. Of course, that pre-empts the situation where we are at the moment. Another recommendation in there was that the structure of housing finance, including all the implications of financing housing trusts, should be reviewed by an independent body. This has never been done. We have all had experts from here, there and the other and it is a case of we have the experts taking penalties now against each other: my expert is better than yours. Well, it is not a case of that. There was a number of written questions to the House yesterday. One was by the Constable of St. John. He was asking the Minister for Social Security about the amount paid to claimants of the housing component of income support. The answers to that were nearly £23 million in 2009, just over £24 million in 2010, and nearly £24.5 million in 2011. I asked a number of questions. One was of the Minister for Treasury and Resources: how much is received. This is money received from the Housing Department, and the answer to that was in 2009 there was £34.6 million; in 2010 it was very nearly £36 million, and in 2011 it was £36.8 million. So within this rent structure there is a surplus that is retained by the Treasury, and Deputy Vallois has mentioned that. For me, that is the elephant in the room. What the Minister has just said about the 80 per cent is not accurate in the fact that you can put the figure down as far as you like but you just take a longer term view, something that Deputy Le Fondré has mentioned this morning.

[12:15]

If you look at social housing policies in the U.K., there are not that many above 70 per cent, but the other important issue is most local authorities have an elderly housing policy which takes pensioners out of the system. Many of them pay 30 to 40 per cent and they are not part of this revolving door of money going from one to the other to the other and back again. We say: "We have a wonderful system because if people cannot afford it we give them some money." Well, why do they not just pay less rent in the first place and we can all sit down on that? The other thing again about part of the review that was done by the Scrutiny Panel, which Deputy Power chaired, there was a question asked. A tenant had a comment which said: "What has happened to the money from rents over the last 30 years if not spent on maintenance?" It was not spent on maintenance and I will explain to Members why. What was revealed was this: "In terms of financial information, the social housing property plan includes some details of the department's current revenue budget, and a lot of information concerning the projected costs of desired refurbishment works, together with some analysis of the anticipated effect of the plan's implementation and individual examples of how the shared equity model might work. The sub-panel had no significant issues with the information that was provided. What the plan does not reveal in any detail is how the department has arrived at a point where a major injection of capital is felt necessary, merely to serve ongoing maintenance costs. At an early stage in the review, information regarding past

budgets was requested by the sub-panel which the department proved unwilling or unable to provide. In subsequent meetings Housing advanced the view that the plan is about the future - does that sound familiar - not the past. While it is understood the department wishes to progress its plan and not dwell unnecessarily on ancient history, the sub-panel felt it was essential to its understanding of the current situation to obtain an accurate record of what has been happening to the housing budget in recent years. It therefore took steps to collate some information generally available from published sources. Initial examination of the department's finances dating back some 20 years very clearly demonstrates the impact of the growing burden of rental subsidy on its other functions. What is most surprising to the sub-panel is that nothing appears to have been done earlier to contain the sums applied to subsidy at a sustainable level. The Parr report, commissioned by the Housing Department and published in October 2000, clearly demonstrates the emergency of a subsidy black hole. In 1991, figures for rent abatement and rent rebate combined amounted to £7.7 million against a gross rental income of £14.4 million. By 1999 the combined subsidy figure in the plan shows total subsidies of just over £25 million against gross rents of £32.2 million. Considers a percentage of gross rents the cost of subsidies escalated from 53 per cent in 1991 to 73 per cent by 1999. By 2006 it had risen to 78 per cent. The other thing in there that is important is that initially when the private sector started there was very little take up and there had to be ... this is the rent subsidy, there was very little take up, and it says: "Closer investigation demonstrates that the biggest growth overall has been in the area of rent rebate to the private rental sector and housing trust tenants. Between 1991 and 1999 this rose from 0.4 per cent to 22 per cent of gross rental income, and by 2005 to approximately 26 per cent." Now, in real terms, that is real money but it is actually the tenants who are paying for it, and again, the question I asked yesterday, I asked about the amount each household, each States tenanted household pays per annum, and in 2012 the Housing Department returned just over £24.3 million to the Consolidated Fund which equates to an average £5,370 per household per annum. So it is actually the States tenants who are paying the subsidy for the whole system. Now, when Members stand up and malign people who are getting hidden subsidy, they are not, they are subsidising the whole system. So they are not subsidising anybody, and without that money the whole thing would go a bit flat, because it would mean people who are paying fair or maximum rents at whatever percentage you want to set them at, are financing the whole thing, and that is fact and that is in the evidence. Not only the whole thing, they are giving the Treasury between £10 million and £15 million a year, depending on which way you look at it. Now, when you project that over 20 or 30 years, you are getting towards between £300 million and £500 million that the Treasury will take out of this. Now, when they are being benevolent and we are getting fiscal stimulus for housing, it is not, it is just getting the money back. So that is the reason why the rental system needs to be looked at, I believe, which is what this amendment is asking, rather than just plod on and do more of the same because that is what this is. If Members want to go back and refer to that Scrutiny Report there is a lot of financial information in there, and it is all right saying: "Well, let us just move on, you know, forget that bit" but if we forget that bit then, you know, it is about money because money makes the things happen but then whose money is it? It is not the Minister for Housing's, it is not the Treasury, it is the tenants' money that is going to do it, and it is doing it now and it is going to do it in the future. The other thing, without a proper economic analysis of this we are going to take a lot of money out of the economy and then say: "Well, we are going to give it to the builders." Well, not necessarily because some of it is materials and some of it could be done anyway if we just do it in a proper way, and I believe by doing this and looking at the rental policy and just stepping back and saying: "Well, this is not cast in stone", we can come back and do things. It could be done, you know, within months rather than years, then it is the proper way forward and I think what Deputy Vallois is proposing is a sensible amendment at this stage, just to say: "Well, you know, let us have another look at this." That information is available, it is there if Members want it, you know, it can be shared. It is there, you have to look for it and questions were asked yesterday by the Comptroller

and Auditor General and myself, because you have to tease it out so I think it is worth doing because to proceed on a level where there might be some difficulties in the future with the housing market, with the economy and with other things, then it is perhaps a cautious approach, but I think at this stage it is the right one, and for those reasons I will be supporting this amendment. Thank you.

#### **1.5.4 Deputy J.A.N. Le Fondré:**

It is always a bit risky to start to speak relatively close to the lunch time break but let us see how we do. I think really what Deputy Vallois is trying to get us to do is think, if that makes sense, and think quite seriously about what we are dealing with today and what we are going to be voting on, and that is at the very first part of her proposition. She quotes the ... I will not read it all out but it is about fundamental decisions by the States on the roles they wish to play for the social housing and that type of thing. Now, I appreciate we have had quite a long day so far and so I am going to make a pretty outrageous statement shortly and there is going to be some head shaking and all the rest of it, and then later on I shall try and justify it. But a story that was put to me once was that a finance director or something went into a presentation by one of his advisers and they went through all the PowerPoint slides and they went through all the detail, and sort of half an hour later he basically pulled out the calculator, added it all up, threw a silver dollar on to the table and said: "So after all that, that is what we are getting. You better go and do better." So the outrageous statement I am going to make is, what are we getting out of this in terms of delivery of social rented housing. So my silver dollar, this is not ... unfortunately my daughter's drawing is better than this, is this. One house, and on that basis, just hold that in your mind. One house is what we are being delivered on social rented housing by the company over the next 20 years in their projections. I shall explain that later on. But at least there is a silence and people are thinking: "What on earth is he talking about?" and maybe people have woken up for a couple of minutes. Now, what I want to do is set the scene a little bit over this rent policy that is being proposed and why I have concerns about it, and therefore why I am supporting Deputy Vallois. But I do want to start off setting a scene and giving my credentials because in various amendments I have had there have been comments about me being the secretary of a small trust. That is in the comments inserted elsewhere and it really seemed a further attempt to try and basically belittle or discredit me, or whatever it is, and therefore the comments and the amendments that I am bringing. So what I want to say is to give Members some sort of background. As I said, I bring the amendments I have done and I speak in my capacity as a States Member but based on the experience I have had. I have been a member of the trust for approximately 17 years. I was involved in the trust's very early days, for reasons that will be readily apparent, some 7 years earlier. So I have been involved with the provision of social housing through housing trusts for some 24 years, and yes, the trust I am involved with is relatively small. It was the first of the new trusts and it set the model. It is the second largest, and to put that in context, operates just under 360 units and that is excluding 2 group homes which were managed for Les Amis, and we are about to go to tender on a third small unit in this area. But in terms of size, to put that into context, and this is all public it can be looked up on the website on the accounts. Turnover is approximately £3 million a year, gross assets are £30 million. To compare that with S.o.J.D.C. (States of Jersey Development Company), the trust I am on has a higher turnover. Theirs is just under £2 million. Their gross assets are approximately £42 million, ours are £30 million, and as I said, we have delivered 360 units of accommodation. Now, obviously they are into much larger projects but those are the figures. So that is to put the context of the Council of Minister's comments that have been made about me being on a small trust. So the entire trust sector now represents about 22 per cent of provision of social rented housing and has thus far delivered over 1,300 units since 1989. I think it is good news that it is set to increase. What I want to do is go a little bit more into the background and history, and thereby why the trusts come from different backgrounds, and why they respond differently to elements of the 90 per cent policy. So,

what I will be talking through is the ... there is a hand-out that has gone around which is from me. Obviously keep the actual proposition to hand, and there is another comment, a 2-page thing that we had from the Minister for Housing yesterday, which I shall make some reference to as well, which was in response to questions that he was asked. So if people want to have that to hand that might be useful. I will just say, as Members know, we have had some emotional problems in our family recently, bereavement wise, so you will pardon the expression but I shall try and hold it together as we go through the headlines which hopefully many people will understand. But in 1989 the States had a problem, and the first headline, this is on page one of the hand out: "Troy Court residents face 70 per cent increases" and basically they were then put under eviction. Obviously this is in the Parish of St. Saviour, and as one looks through the headlines: "Public protest", later on: "The F and E. Committee reject the move to purchase the estate." In September 1989 Landscape Grove was proposed, facing rents of 150 per cent rent increases. The reason I have put those numbers in there is because when I read 150 per cent I can never imagine what it must be like to receive that kind of news, and you can see it in writing, it is not me making up those numbers. "Housing condemned as Troy Court tenants take to the streets." Later on, over the next page, you will see Senator Dick Shenton calling: "Man the barricades I will be there when they try to evict you." There is a comment from the Petty Debts Court judge about: "Corrupt payments demanded from Troy Court tenants." This went on for the entire year and there will be some Members in here who were probably in the States at that time, or certainly will remember, but very, very few. In essence, the next page which I shall move on quickly through and the next one, the problem was solved and a housing trust was set up which was Les Vaux Housing Trust and the reason for that was obviously my late father. So, the problem I have is when we get to the following page. When I say "I have", this is about the policy, this is about where we come from. In the last year the Minister for Housing made the following comments in Scrutiny, they are the ones in bold, and he says: "That would suggest to me that a lot of their tenants are not those most in need because they have an obligation, I think, to provide their accommodation for people that really need social housing and not just people that need housing."

[12:30]

So, the point about this is, who are we housing and why, and the point there is if one goes back and if one speaks to the tenants who went through 1989, their comments about the housing committee of the day are not very positive at all. They were left to hang, and what one is in danger of coming back to is failing to recognise that the people we need to house are not just those on income support. I think that is the key message I am trying to put through there, and that is the thrust of what the Minister has said in his statement to Scrutiny. Now, that is quite a powerful comment but you can see perhaps therefore, why I do get quite passionate on the matter. Deputy Green is right, he gets passionate on matters as well. We do not disagree too much in certain areas but it is about a lot of the impact. So the point is then that a model is established which evolved in terms of financing but has set a foundation which has been very successful. The core basis for Les Vaux, endorsed by Act in this Assembly, was of lending the trust money to buy Troy Court, but it was never solely about housing people on benefits, it was about housing people who needed security of tenure. Now, to date that has always been recognised, and so whereas, for example, Jersey Homes Trust was effectively established by the then Housing Committee and I believe it was under the Constable of St. Clement's leadership, they have always been a lot closer to housing policy but there is a difference there. This is going to the basis of why there are different approaches to the 90 per cent policy and the impact of that policy. I can see the Assistant Minister for Housing starting to get ready to interrupt. So this is the start of my problem with the overall policy, it is the rigidity that is being proposed. Now, to be fair, some limited flexibility is emerging from the gateway but it is limited compared to the original mission of the trust, and so the result of the background of that and of the trusts, such as Les Vaux, is that they house proportionately more people who do not

claim income support. Some of them are not, simply because they do not qualify for income support because it is in their nature; it is the old Jersey tradition of not being on benefit. So the problem then is the impact of these rent increases, 90 per cent, and that is part of what this proposition of Deputy Vallois' is, to understand what the impact is going to be, and the fact that the trust at the moment will be forced to increase the rents even if they see no need to. So what I want to bring home is the impact that this policy will have on tenants. I am going to quote something I have been given authority to do so: "From the expected estimated impact on the increase in weekly rents on certain estates managed by a trust." I will not name the estates generally but I will name the Parish. For example, in St. Helier on 2-bedroom flats we might be looking at £52 a week increases. In St. Clement, 3-bed houses, £53 a week, St. Mary's, £28 a week. Another one in St. Helier - it will vary on the nature and type of estate - £31.92 on this one. Something in St. Saviour, admittedly it is a 3-bedroom house, it is slightly different, £63 a week. Let us go down to some of the older estates. An older one in St. Lawrence, £36 a week on a 2-bedroom flat. In St. Saviour, a modern one, around £30/£31 a week. I will name this one because it is the one that started the whole thing, which was Troy Court, around £27 a week rent increases. Two older ones again in that area in St. Saviour, again £27, and finally in St. Ouen, 3-bedroom houses, £43 to £44 a week. That is the impact of the rents that we are talking about and the analysis that has been provided to me, those figures are based on last year. So they are not current but that is the estimation of what happens of market and at 90 per cent compared to existing rents. What one has to remember is that many of these people will be on pensions and people on low means. Not all. Sorry, they will be on low means but the point is does one penalise the many to inconvenience a few. It is all very well to talk about that they will be protected under income support but if they are not on income support are they going to be driven to it, and in that case it becomes a matter of what is the position on disposable income. Now, one, I will turn around and say the Minister for Housing has promoted the idea that existing tenants were rent protected so those on income support probably are, it is what I just said, but it is the ones that are not on income support that concern me and that is why I went through the history because one knows, and the department has made great play of it, they have said in the past that roughly 50 per cent of housing trust tenants are not on income support. The other thing, not today but in public comments, I think, when Deputy Southern first raised the issue about rent increases, the Minister made reference to someone downsizing and he claimed they would be better because potentially they were going from a 2-bedroom flat to a one-bedroom flat and therefore the rent would be lower. The trouble there is, it depends. I have to use Les Vaux again from my experience but my experience is that that trust has probably just over 50 per cent of older estates built in about the 1960s or maybe the 1950s, I have to say I am not entirely sure, which I would think would be similar to estates ... in other words it is not like Jersey Homes Trust which has a lot of modern estates. Using that as an example, I would think it would be analogous to the States, and I might be completely wrong. If one moved from an elderly estate in St. Saviour to a ... that is a 2-bed, to a one-bed in town, and bearing in mind you are under this 90 per cent policy that if you move you will get hit by the 90 per cent per cent increase, the calculations I have here indicate they would be £119 a month worse off. I will only stick on that one example, but basically it depends. If you are going from an elderly estate that is at current rents and you are going to a more modern unit that is at market, the rents are going to go up a lot, and the fact that you are going to a smaller unit is not going to make that much difference. The existing tenants are apparently okay provided they do not move. Now, the problem I also have with the consequences of that is that housing policy, as I understand it, requires people to downsize when their circumstances change. So one could be forcing people to downsize, and I am not disputing that policy, you know, I understand why it happens, but then you are effectively forcing people to take a higher rent, and then it comes down to are they on income support or not and then what is the impact. So the question is then, is it reasonable to turn around and say that the percentage that they have basically worked on, in terms of people claiming income support, given the numbers I have

just illustrated, is reasonable or is there the risk that that bill will be higher. Bearing in mind that we are told that the overall cost of this so far, if I am completely wrong, is £1.7 million a year. Now, another purported safeguard is that tenants who do not move will only face normal annual rent increases but as we have heard again, you read the document and it says: "Annual rent increases" and elsewhere it says: "Cost of living plus 0.75 per cent annually." So essentially, someone in the 2-bedroom flat in the elderly estate will get cost of living plus 0.75 per cent each year. Now, being very loose, 0.75 per cent is not much different to 1 per cent, if you see what I mean, so over 10 years, particularly if you take account of the cumulative effect, so it is 0.75 per cent, 1.75 per cent plus the impact of inflation, after 10 years you are probably looking at a 10 per cent increase in those people's rents which means they are losing a proportion of their income. Then it comes down to what is the impact of it, but essentially, and as Scrutiny rightly pointed out, the impact for example on a single pensioner is quite significant. That is why we need a policy to cover that but we do not know what the cost and the impact of that is before we start approving this proposition. So it does seem to me, and that is backed up by the comment in Scrutiny, we are going to be pushing more people towards the benefit culture, even those who up until now have managed to stay out of it. I think I was trying to ... if I can find a scribbled note somewhere. If we were looking at somebody who was spending about, let us say, £300 a week. Let us say, and this is a guess, at a maximum they would be paying G.S.T. (Goods and Services Tax) of about £15 on that, but on the comments I have just read out we are potentially looking at, what, I have said £30 a week increases. So that is on a ... if we were looking at it from a taxation point of view, do we understand the impact of effectively doubling the tax rate, the indirect tax rate, on a small part of the population? Now, there is a key finding in Scrutiny which says that tenants currently in receipt of the accommodation component of income support will be reliant on benefits for longer as a result of the proposed rent reforms, unless their earnings increase at a greater extent than the cost of living. Now, you think about that in the present recessionary times that we are in and also think about the nature of the tenants that we are dealing with. Are their incomes likely to be going above the cost of living in terms of earnings? Now that does depend on whether they are a pensioner or not. So Scrutiny do basically say, I think, that there is a risk that this will worsen the benefits culture. I am just wondering, Sir, if that is a good time to call for an adjournment before I get on to the next bit of my speech because it is a useful break in the time.

**The Bailiff:**

How much longer are you anticipating being?

**Deputy G.C.L. Baudains of St. Clement:**

Could I suggest he carries on speaking while we go to lunch? **[Laughter]**

**Deputy J.A.N. Le Fondré:**

Thank you. I am sorry it was so depressing. About 10 minutes, I would say, Sir. That is a slight guess, I have not timed it.

**LUNCHEON ADJOURNMENT PROPOSED**

**The Bailiff:**

The adjournment is proposed.

**The Connétable of St. Peter:**

Sir, if I may, the Deputy did say I was twitching on my light to make an intervention. Would this be an appropriate time for a point of clarification, if I may?

**The Bailiff:**

Yes.

**The Connétable of St. Peter:**

Well, basically, I was twitching on my light because I was not sure what the Deputy ... the way his approach was going, whether he was talking about the main proposition or the amendment because at that time it was not clear. It then became clear he was talking on the amendment. My concern is now, is he inferring to the Members that the 90 per cent proposal is analogous to the 1980s issue at Troy Court?

**Deputy J.A.N. Le Fondré:**

I am not going to answer that, I think it is a speech.

**The Connétable of St. Peter:**

The point being he raises the issue about the 1980s issue at Troy Court and the horrendous rent rises. Is he inferring the 90 per cent is analogous to that period?

**The Bailiff:**

I think he was raising that as background.

**Deputy J.A.N. Le Fondré:**

No, I was talking about the nature of the tenants that are housed and why they are housed.

**The Bailiff:**

Very well. The Assembly will adjourn and reconvene at 2.15 p.m.

[12:43]

**LUNCHEON ADJOURNMENT**

[14:16]

**Deputy J.A.N. Le Fondré:**

With Deputy Baudains' permission I will obviously continue. **[Laughter]** On a lighter note ...

**Deputy G.C.L. Baudains:**

I came in early but I was disappointed. **[Laughter]**

**Deputy J.A.N. Le Fondré:**

On a lighter note and when they say words come back to bite you sometimes; it appears I have had a message from my wife asking me where I intend to take her to lunch tomorrow. **[Laughter]** So I shall try not to keep it to the afternoon to make sure that we do go into tomorrow and I am in here and obviously unable to meet that commitment or intention. Right, so obviously, laughter aside, we are dealing with a very, very important subject and obviously where I have been setting the case is why social housing providers do not just house income support tenants, okay? And also looking at what those rent increases are likely to be which is particularly relevant if you are not on income support. So I hope those 2 come together clear. Now, let us go back to my one house. What I would like to do, if I can just spread my papers out slightly, is again refer to my pack. If you go to the last page on that pack which is an extract of the table that is in the proposition. In essence, what ... I will make sure I have got the right papers in the right places hopefully, and of course I always blame the Deputy of St. Clement if my papers disappear because I am sure she will have stolen something or other. But the point is that in the table, which is directly out of the proposition, we are showing the current social housing stock, that is the figure at the top that is ringed, of just over 4,500 units, 4,539, and as a result of this proposition where the Housing Department hopes to be in

relation to the company in year 20 from now. That is the point. The view I am taking is that generally the trusts will be looking at things that they will be financing anyway, and it does depend. It may be an issue about, well, do they still need capital subsidy if this thing does not go through. But looking at the company specifically, and looking at delivery of social rented housing units, and bearing in mind that we have something like 1,000 people on the gateway, the net figure we have is 84 units. Now the 330, which certainly Deputy Green has referred to, is going into affordable housing, that is ownership, but you are obviously reducing permanently the capacity in the social rented area. I do not have a problem particularly with the affordable housing stuff, I think that is good, it is progress. However, if our priority is the social rented bit, and as we said there are 1,000 people ... it is something like 699, I think, households depending which band you use, but basically it is 1,000 people. They are not in the affordability bit unless you are getting on some really interesting schemes. So therefore it is reasonable to look at the net movement because that is what we are dealing with, is what is the increase this programme is going to deliver us. Now, the point is look at the 84, obviously for comparison purposes I have looked at the figure underneath. That is the total, the 4,615 which is circled, is the total that was in the Whitehead report issued in 2009, I think, and that, I think, is based on 2001, when one refers to the footnote. What it shows is that relative to where we have been, this is an increase of 8 units, but that might be pushing it a bit because we have to deal with where we are. But that is the policy arising probably out of the P.6/2007 that was approved in 2007 of disposal of units. I know the message at that point was that disposal of units only worked if we never needed them again, and here we are now with 1,000 people on the gateway. Now, what the Minister for Housing very kindly, I will absolutely say that, gave to us yesterday at about midday, I think it was, in response to questions asked yesterday, was an analysis of the figure of 598 that is sitting, and it says: "Gain through new build projects, years one to 20, including assets currently in development", and that is crucial. I asked the question: "How many units are there?" and the figure he has come back with is 83. The point on that is, and I am getting a frown, but that is the figure on that schedule. So the point is, those units must be funded already. They must be going to happen because Treasury do not allow you to start, in fact if you think about this privately, you would not go out and start building a house if you did not know what your financing for it was, and Treasury do not make assumptions, on the assumption that this Assembly will approve something. They only wait until after that approval has been put in place. So they are not going to endorse - and it says "units currently in development" - those units being committed to unless there is funding for it so that means we already have the funding for those units. It is irrelevant to the outcome of the approval or not of P.33/2013 or the 90 per cent policy. So let us do the maths. Net improvement, according to the Minister for Housing and the Council of Minister's own table, according to them, is 84 units over 20 years at a cost of £1.7 million. And yet 83 are already funded. Net improvement, one, as a result of this policy, and I think that is probably at a price of £1.7 million. I think you could buy a flat at Portelet, probably 2 flats at Portelet, every year. Now, okay, I am bound ... I am sure there is going to be some numerical people that are going to come back and tear me to shreds for those comments, and that is why I said it was an outrageous remark and why I held up my silver dollar, if you like, my one house. But that is how it is being presented to us. That is the data we have to make a decision today, and therefore, what position are we in to assess whether this policy, particularly the 90 per cent policy, is going to deliver at a time when we have got 1,000 people in need of social rented housing. This backs up, but it is probably far worse than I expected, the comments by Scrutiny which said about whether this was going to deliver extra units. That is the kind of reality, you know. I appreciate we are all passionate about trying to sort this problem out, but you do not go into something that either is not going to deliver or potentially is going to make your problem worse. To quote from Scrutiny about the consequences: "The choice being taken in the proposed reforms to allow rents to rise explicitly commits to a revenue based subsidy model rather than a model based on capital grants", and it carried on: "Having been advised that revenue subsidy is often more costly than capital subsidy, the

sub-panel disputes the validity of the hidden subsidy argument”, and their adviser, if I remember correctly, is a member of the Chartered Institute of Housing. Their key finding: “A clear consequence of the proposed system is that income support will increase to cover the costs of the increased social rents. This aspect of the social housing reforms may create pressure on the States taxation and expenditure programme.” Now, they had a recommendation which was basically: “Before the debate and any approval of the rent policy the Minister must clarify various points, A, B, C.” Now, in essence that was rejected because the Minister said they had been clarified in the proposition already. Well, I hope I have added some further clarification as to my interpretation of the results based on data in the proposition and data provided by the Minister for Housing. One unit, £1.7 million a year, one unit in 20 years. Now, obviously there are all sorts of assumptions that we are going to make, and we are going to be told: “Well this is setting up a structure and we want to be prudent, et cetera, and obviously this will enable lots of delivery to happen but we just have not banked those yet.” Well, we do not know that. At the moment on the data we have now, it is one unit for social rented housing, £1.7 million a year. Now, bearing in mind that £1.7 million, Scrutiny again made the comment that there are, I think they used the number 167 people who they thought were eligible to claim income support but do not, and they said if those people do claim income support it will arise, I think it is roughly, £270,000 more a year. Housing rejected that comment. If you look at Housing’s own figures in the table, in their proposition, and I might even be able to give Members a page number if they are following closely. If one looks, on page 54 of P.33/2013, there is an analysis there which is the States tenants, that is just States tenants, not receiving income support. That total is 1,200 people. That is a lot more than 167. So if we are putting rents up by the numbers I was quoting previously, and bearing in mind even in the older estates it was at the top end of the 20s, £30 a week rent, going up to £40 and £50 a week rent, what is the income support hit. I know it is late and I know I have talked a long time but this is why; it is incredibly important. Now, the final one on my table, is to go to the page before, which is this one, which is the analysis of the returns coming out of the company, again as a result of all these rent policies. That table is a summary of what is on page 45. All I have done is the totals because I know how much I love numbers and how much everybody else does not. I do not actually like numbers, unfortunately, I just seem to read rather a lot of them. The point there is that the way the figures have been presented initially, they show a net profit excluding depreciation charge of £669 million after 30 years. That is the sub-total ... sorry, it is the one row up from the bottom that has now got a line through it. What I have done is look at it as if an accountant would look at it and as if a company was producing its profit, and to report profit, you do not add your depreciation. If you look at Tesco’s, when they have got a can of beans at ... I do not even know what a can of beans is these days, but for whatever it is, and I know I should do, say it is 30 pence and there is a half pence in there for depreciation. I have got no idea. **[Laughter]** Okay, well, there we go, I did not say. But it will have a half pence or it will have a penny for the costs of running their buildings, for the costs of future replacement. That is depreciation, it is in their profit line. What we are saying here and this is just ... I am not really too worried about the accuracy of the detail of the figures, I am talking about principles. The principle is, the profit after finance costs is £1 billion, £333 million. Ignore the numbers after that. The return to the States of Jersey over 30 years is £1 billion, £472 million. It is more money being taken out of the company than the profit it is making after prudent provision for replacement of the estate. So therefore, we are taking more money out of the company than we should be and it is being used to fund other normal revenue expenditure. That is what we have heard previously, is that the money that goes from Treasury, it goes from the company to Treasury to Social Security, is not just supplying the housing side of things. So you could argue, does this not just mean because the company is going to borrow £200 million somewhere in there but we are taking £139 million out more than we should be. So, are we just borrowing through a back door? Right, we are getting there. We do need to consider the impact of the 90 per cent increase. Much has been made of this needing to be done to assist the trusts for

future financial viability. That assumes they get to keep the increase in the rent but also, as we know, it is very clear as new tenants are taken on, the uplift in the income support is going to be paid to Treasury.

[14:30]

So the net gain of that figure is going to disappear over time if this is the policy that we follow because it has also been made very clear that the Minister for Housing does not think the trust should be housing those not receiving income support. So those tenants will go, over time. So medium term may mean there will not be any financial benefit for the trust. So again there is a spurious argument, I think, being applied to justify what is turning out to be a very muddled policy. There are some trusts who welcome the policy, let us be very clear. There are some trusts who say they do not need it. So, it comes back down to: do States Members have the necessary understanding and information to vote on this today? I do not believe we have a clear view of the costs of these proposals arising out of the 90 per cent policy versus the output in terms of the new units being delivered. So I have talked a lot and I am sure people's eyes are glazing over already. But £1.7 million, it delivers a negligible amount of units. Those are Scrutiny's words, I believe. I have said I think it is more than negligible but the point is, it is a low, low number, and we do not know what the consequences are on tenant behaviour, of whether people are going to move or not and that type of thing because of the expected consequences of the increase in rents. What this proposition basically says is: "Come back with the detail and let us understand precisely what we are committing to." I am going to wrap up with a different story, not involving silver dollars, although I think it is American in origin again. There was an airline being set up, I think in the 1970s, and the gentleman setting it up obviously arranged to either hire or buy or lease from, let us say, Boeing or Lockheed or somebody like that. The negotiators came across with the contract and that gentleman took the contract, kept them busy all day, rushed in at the very end and said: "Right, I have got 10 minutes, sign up and I have got to go, the contract needs to be signed today" and they signed. They did not check what they were signing up to and it turned out, and apparently this is based on fact, that the contract had been changed, funnily enough, not in their favour. The point about that is, and I am not casting aspersions on Housing, I hasten to add, okay? The point is, if you do not understand what you are signing up to do not buy the sales pitch about delay. You have got to understand this is a big item. The Assembly is not a rubber stamping exercise. If people think that is what it is, they should not be here. It is an ancient democratic Assembly. We are meant to be making decisions on the basis of understanding, of knowledge, and in the public benefit, and as custodians of public assets. You should not feel compelled to sign up to something just because we are told it is going to cause a delay. That is effectively a cold-calling sales pitch. It is the ones when they ring you up it is normally an American accent and they do not know your surname. So, Scrutiny, to be clear, have reluctantly accepted this but what they have then said is: "It is up to the Assembly" in essence. They have talked about the moral impacts. This is the purpose of this debate. To sum up finally, the sub-panel concludes that acceptance of this rental proposal will mean that the threshold for tenants to escape benefit dependency will be permanently raised. The sub-panel also feels it is premature to ask the States to agree a social rents policy without first having a debate about the role and purpose of social housing. In the absence of agreement about what the States want Social Housing Jersey to achieve, it is difficult to agree to a policy that sees social housing rents which, in the sub-panel's definition, exist to provide sub-market accommodation for those unable to afford market prices, brought in line with an over-inflated market. Sorry, I am just looking for a final comment. The sub-panel remains concerned about the moral case, the social and economic impact of the reforms, future challenges to the policy by public and politicians and the risk of requiring additional policy intervention to offset the consequences of the rent reforms. I think on that note I am going to stop there. As I said, this is a huge impact. I am anticipating the backlash from what I have said. I appreciate I have been

provoking this in the comments but they are based on data either in the P.33/2013 proposition or information given to us yesterday; £1.7 million a year minimum and not that many units being delivered within the States by the company for social rented housing. On that basis I will be supporting the amendment. Thank you.

#### **1.5.5 Deputy G.C.L. Baudains:**

Good heavens, I will try and be more concise. **[Laughter]** Actually, seriously, I do have a measure of sympathy for the Deputy of St. Lawrence because it is not easy when you have got a lot - I know from personal experience - of technical information. If you do not give enough of it Members are not persuaded. If you carry on for too long Members switch off. You cannot win either way so I do have sympathy with the Deputy. As I said, I will be brief. In my view, for years of rent policy, which is, I thought, what we were supposed to be discussing, such as there was one has evolved in my mind around the convolution of rent subsidies, returns to the Treasury and so on. It certainly needs a more focused basis and not be consequential on other issues as it has been. As Senator Breckon said this morning, or I understood him to say, that the trouble that Housing are now in is really not their fault. It was the financial merry-go-round that has been going on for years that has got them into this situation. We do need clarity so I will be supporting the amendment. But the second attraction lies in the running order document where I notice that if this amendment is adopted, the following 2 fall away **[Laughter]** so that is the second benefit.

#### **1.5.6 The Deputy of St. Peter:**

I would like to pick up on a couple of the points made by Deputy Le Fondré, who has made extensive and appropriate use of our panel report, for which I thank him. In raising the issues, I think he has described quite effectively the difficulty that we have had with considering some of the points and we are being made to make a very difficult decision today. I think the panel have been effective in presenting that difficulty to the States in their report. This is a weighty tome that we have presented, but this is a condensed version of all of the information that we have received and considered in the year that we have been looking at this very difficult issue. It is an issue that has been with the Housing Department for a number of years. I believe it was Deputy Power who began the process and it is good to see it here today. Yes, there will be ramifications regarding income support and those have been highlighted by the Jones report and they are clearly in the domain of the Assembly. It has not been hidden. Also, the negligible number of units that will be created, we as a panel have had great difficulty with the number of units that will be created out of this full business case, yet we are assured that if the Housing Association is allowed to continue on this financial footing, it will give it the legs to borrow further and to increase capacity. What we, as an Assembly, need to focus on at the moment is the social need that we can see today. Although the first sod of ground may have been dug, they are 18 months away, at least, from having tenants living in them. As a panel, we are very acutely aware of this need and how we will plug the gap while we wait for new units of accommodation to become available. Also whether we can fulfil the need that we see now and in the future. That has got to be at the forefront of our minds and that is why we reluctantly accept the 90 per cent rent increase, because it is the only financial way to move forward and create those extra units of housing. We are obviously debating still Deputy Vallois' amendment and we must say that we have much common ground with Deputy Vallois. Indeed she joined our sub-panel initially, and we were very sorry to lose her due to the pressure of her considerable work commitments. The Deputy has continued to take a very close interest in this subject and she has met with the department independently and we have also maintained a dialogue. So we fully understand the points that she is making. We have covered a lot of the ground as a sub-panel and with the department and despite our desire to find an alternative model, we have reluctantly accepted that this model is the best way forward and will not support the amendment. Our advisers have looked at models proposed by Deputy Vallois and us very closely

but they have explained to us that any changes would delay the availability and refurbishment of further units of housing, which is not acceptable in the current status quo. Essentially, the aim here is to suggest to the Assembly that we can find an alternative to this return to the Treasury because in Deputy Vallois' words, those who are paying their own rent are subsidising other social objectives. This could be said but we have learnt by looking at other models that this happens in other nations. Yet here in Jersey we are more transparent about the movement of this money. Social rents are collected in other rents and they are placed in a general revenue pot, which is then used for general revenue expenditure. Here we are very obvious about how the money is collected and where it goes and for what purpose. The other way to break the cycle is rather than charging rents, to offer free or heavily subsidised accommodation. We have looked at this as a panel too. This may seem more sensible, rather than offering a housing component through social security. You offer no rent or very highly subsidised rents to tenants; however, this in itself would cause further inequity for those who are renting in the private sector, for example. Especially given that many people in the private sector are on very low incomes, yet they are prohibited from accessing social housing due to the very narrow criteria that we have to apply. We also then tasked our advisers to consider the Deputy's ideas and discovered that there is another consequence. The subsequent reduction of income would have a negative impact on the ability to improve or build more units of housing, which I have touched on in response to Deputy Le Fondré. As we all know, one of the purposes of this reform, and it is worth repeating, is to create more social housing and to attempt to meet the urgent need that we have today. The Deputy suggests that the Treasury has not been open to negotiation regarding structure. This is not the case. In response to our interim report, which was published some months ago, and the difficulty we expressed at that time over the 90 per cent limit, the Housing Department did give further consideration to the rent proposal and with the consent of the Treasury altered the rent policy so that you now see what we call the Re-let Policy, that only those who are new tenants or move into a different unit of accommodation will be subject to the 90 per cent. Another solution offered by the Deputy is to create alternative tenures of housing to assist tenants to become homeowners. This is the second of our 19 recommendations and one of the 15 that the Minister has accepted. This acceptance is already actioned and hopefully the Minister for Planning and Environment will bring some further decisions to the Assembly soon for our consideration regarding rezoning of sites so that we can move forward and create further units of housing. I hope that these elements should encourage the Deputy Vallois but unfortunately I cannot accept her amendment.

### **1.5.7 The Connétable of St. Peter:**

I think I have to say I am rather humbled to follow the Deputy of St. Peter and her superb delivery, most eloquently, of most of the things I was going to say. **[Approbation]** So thank you very much. I am just going to confine myself to a couple of little facts, I think, to help Members understand where we are. I just want to give an example of what would happen to a pensioner. I am currently talking about a single pensioner, living in a one-bedroom flat with a full Jersey pension of £187 a week, which is the current Jersey pension. Total income, including income support, would be to that pensioner, £301 a week. That is to pay for her rent and continue living on her pension.

[14:45]

If the rental was £112 per week, then her disposable income after rental is £189 a week. Now, if a pensioner was to move into another one-bedroom flat, a newer one and there was a rent went up to £130 a week, then total income support would increase to £319 a week, which means her disposable income remains at £189 a week. But on top of that, she will also enjoy the benefit of living in a far more energy efficient property, which will reduce her energy costs and lifestyle costs as well. That is the reality of what the 90 per cent will be doing for us. I am not going to try to

cover any of the ground that the Deputy of St. Peter covered at all, other than to say that Deputy Le Fondré was absolutely right when he said that we are going to be selling off a number of homes and therefore he is using that as an argument that the amount of new homes delivered is only going to be, and I cannot remember the number - let us assume it is 84, in that sort of quantum. What he is failing to recognise is that the ones that are sold will still be occupied by people who were social rental tenants who now become homeowners. On top of that, both the States Housing Unit and the trust will be delivering a total of 434 for the Strategic Housing Unit and 203 from the trust, meaning there will be 637 new properties available to people in Jersey. **[Approbation]** On top of that, these are only the ones that are funded, currently by P.40/2013, repayable in 2014. But as we move forward, the Minister has said he is working very closely with the Minister for Planning and Environment and with new sites coming online, which the Strategic Housing Unit can then go out for funding, we would hope to increase the number of social rentals exponentially above the numbers we are talking about today as we move through the years going forward. This is about moving forward and offering more social rental properties to people that cannot afford to go out into the private sector. I am going to return now to my elderly single pensioner. If she decides she does not want to pay a rental of £130 a week and she does not need income support, then she can choose to go and live somewhere else if she so wanted to do that. Equally, if she was not getting income support, then would we want to be offering her a discount, even though she did not need it, by giving her a lower rental figure? That is the question I think Members need to ask.

#### **1.5.8 Senator S.C. Ferguson:**

I have lived through a number of absolutely desperate and important time limits over my working life. I have never known one time limit that has not been put forward because of this or that. The delay has virtually always ended up with a better project. Deputy Vallois does not ask for these detailed proposals as a wrecking mechanism. From my experience, this particular delay and setting up these detailed proposals would give us a much better approach to this, particularly after the numbers that Deputy Le Fondré has been scattering gently around the Assembly. I would urge Members to support this amendment.

#### **1.5.9 Senator P.F.C. Ozouf:**

Deputy Le Fondré said that we should not be engaging in a rubber-stamping exercise and I completely agree with that but to suggest that we are effectively simply doing a rubber stamp would completely ignore the fact that this issue has not simply arrived in this Assembly with a casual proposal of a 90 per cent. The Minister for Housing, and we have heard the excellent remarks by the Deputy of St. Peter and her panel, who we have been reminded have spent a very significant amount of time challenging and asking questions and getting external advice before they even got to the stage of having a proposal for 90 per cent. Perhaps it is uncomfortable for me to remind the Minister for Housing, but there was a steering group with the former Chief Minister, the current Chief Minister in his respective roles as Chief Minister, the Minister for Social Security and the difficult Treasury team, who have asked and challenged questions. I can see the former Minister for Housing also nodding his head, there has been a lot of constructive tension in relation to this issue. We have spent days on this issue. I can say to the Assembly that our officers, before we even got there, have spent days on this issue. The Members who attended the Treasury briefing yesterday heard the Treasurer. The Treasurer, herself, with the Chief Officer, the Comptroller of Social Security, has spent significant amounts of time on advising this issue. Frankly, it is disrespectful of Deputy Le Fondré just to say that this is a rubber-stamping exercise. I am sure he did not wish to mislead the Assembly and I am not going to respond, much I hope to Deputy Baudain's pleasure, to all of the points that Deputy Le Fondré raised, but I am afraid to suggest that this policy of 90 per cent and why we should be setting aside and doing more work on it, is simply going to deliver a paltry set of new units of social accommodation. I am sure he did not mean to

say that. If I have misunderstood him, I am sorry. But, this proposition is a rounded proposition to ensure that the new housing organisation is properly capitalised and receives the proper income. Later on in the debate we are going to have some further discussions about this issue of the return. I am sure, when Deputy Le Fondré does audits, he does not go around with one hand over one eye. He has to look at the whole side of a report and set of accounts. He has to look at the income and expenditure. I think there is something called a balance sheet. The balance sheet is the missing area. I know that there have been a number of questions from Members yesterday to the Minister for Housing. It is the balance sheet that matters in relation to what we are doing in setting this stuff up. If there is doubt that there is a balance sheet issue, quite apart from a return issue ... I was most interested that this headline: "States housing could raise £430 million" in last week's *Guernsey Press*. Guernsey is deciding also to doing exactly what we are doing here, incorporating a housing body. They might have a completely different model, a zero return, but pocket £430 million. Well, there is nothing like a free lunch. We have had those discussions with the Housing Department, about whether or not we should take a large amount of equity and reduce our return. What we are doing is in this debate, we need to get out of the weeds that Deputy Le Fondré was tempted to take us into. Because this is a rounded debate which has a number of constituent paths. One bit of it which Deputy Vallois ... and I will come back to what I believe are some very well intentioned and very serious points that she makes about her intentions, and I do not criticise her intentions at all. We are making a balanced decision to separate out effectively the provision of the policy of housing. We had that debate earlier in terms of putting it in the right place, putting the policy in the right place with the Minister for Housing, the delivery unit of this new organisation, we are putting regulation in as well. But that incorporation has to work from day one and it has to be sustainable. The point that Deputy Vallois is asking us to effectively set aside, is effectively to put completely aside, the income guarantee that is going to effectively mean that the company can be self-sustaining and, a concept that Deputy Le Fondré will understand, effectively be a going concern. We might as well just completely set aside the whole of this debate, frankly, if we are not going to set the principles of ... Deputy Southern has just nodded his head, which is, I think, a very telling nodding of the head. There are some Members, I totally respect their point of view, who just do not believe in incorporating the housing body. I understand that. That is a political philosophical view, which Members are perfectly entitled to have. But, this is an important element of the in principle decision to incorporate housing and not to give the new body the guarantee of its income. Oh, and by the way, also, the Treasury underlying of the capital support effectively, in my view, completely sets aside all the work. I do not know how the Minister is effectively going to take the proposition of the Council of Ministers, but I think it is an *en bloc* proposition. I think it is an all or nothing. Because you cannot have any bit of it without the part of it. Yes, we are going to agree to do more work on the regulation. But, the income side of this proposition is absolutely fundamental. You cannot agree the in principle of the incorporation without now settling, in the Assembly today, effectively what the income requirements are going to be. We are going to have the arguments about whether or not it should be the 90 per cent. We have heard what the Deputy of St. Peter has to say. Just back to this issue of even when you incorporate this body you do not achieve anything. That is absolute hogwash. We have delivered hundreds of accommodation. This incorporation, for Members that need reminding, repaid the £27 million that we agreed, the additional money from housing, and it delivered, I think, 121 new units. It repays the 8.1 million from Le Squez delivering 49 units. I think it also repays possible some of the Pomme d'Or Farm, giving the Treasury back some money, so that we can recycle it. This is not the end point of this new housing organisation. I share the Deputy of St. Peter and her panel's view and the remarks of Deputy Power earlier, that we are going to do an awful lot more. But, you cannot do a lot more if you mean that the fundamental company that you are setting up is not a going concern. You have to incorporate it and make sure that it works from day one. If it works from day one and does not have a complete black hole in its finances, which means that it cannot pay for its repairs and maintenance, you are

not going to seek and mean that it is going to achieve so many more units of accommodation in the future. Oh, and by the way, the thing that was also forgotten, if we do not agree this issue of the 90 per cent and we set this apart, we also do not achieve the other objective. I thought was one of our Strategic Plan objectives, which is to bring all units within the new housing organisation up to the Decent Homes Standard. That is hundreds of units improved and people's lives improved. I do sympathise and I do know that Deputy Vallois is absolutely well intentioned and she has some absolutely legitimate terms and, like the Minister for Housing, she has got her own very personal experience of the difference that effectively social housing can make or a failure of the social housing prevention does. What I would say very respectfully to her that she does need to remember, if I may say, that it is not just an issue with the return. There is the capital issue. This argument of the return, which I know many Members have got very concerned about, is a fallacious argument, because we cannot take it and de-link it from capital. If you want to have an argument about the return then, from a Treasury perspective, we will also have an argument about how much capital they are putting into this organisation, because it is one off-settable to the other. You cannot distinguish. Deputy Southern is looking aghast at me. One of the problems that the Housing Department has had is that, effectively, they did not have enough capital in order to maintain their stock. What they did, effectively, in the bad old days, just like Education did, is they effectively used revenue expenditure in order to paper over some particular cracks. In fact Housing had a problem of rent rebate, if one really wants to say the truth of what happened with Housing. Housing had a private sector rent rebate problems, which meant they did not have the capital to invest in their stock. Capital was free, therefore you do not invest in repairs and maintenance and then effectively you go and bid for new capital, effectively, a lot like what happened with Nicholson Park, Elysee and all the rest of it.

[15:00]

Bad design, but effectively free capital meant that you effectively spend all your revenue expenditure on day-to-day repairs and then you bid for new capital once you have destroyed the underlying asset. That is one of the reasons why we have got into the pickle we have got into, which is a truth. Deputy Vallois wants a concentration of affordable, I think ... I have had discussions with her. She wants a real policy focus on delivery more units of affordable homes, both within the rental market and between the ability to get people to own their own home in terms of shared equity, et cetera. I believe that is genuinely what Deputy Vallois wants to achieve. In trying to hold back the decision of the 90 per cent. She is hoping that perhaps we can get a bit more revenue in order to achieve those objectives. I would say to her that I am absolutely committed, from the Treasury perspective, on working with the Minister for Housing and the Minister for Planning and Environment on delivering what she really wants which is more supply, which is the ability for States tenants to get the opportunity, if their means are sufficient and realistic to get on to some form of home ownership and delivering areas such as Homebuy, shared equity, et cetera. Now if she wants an assurance from Ministers that that is what we really, really want to do then I would ask her to please accept why Ministers are rejecting her proposition, but agreeing absolutely with the underlying sentiments that she wants, which is making more people have a better home choice and have a more affordable home purchase option.

**Deputy J.A.N. Le Fondré:**

Sir, may I seek a point of clarification? I think it is a point of clarification. The Minister has made a lot of references about a going concern in his speech just now. I wondered if he could elaborate what he understood by going concern on the basis that the company after 30 years is making a loss and it means effectively an excess dividend is being paid, which under Jersey Company Law would not ordinary be allowed.

**Senator P.F.C. Ozouf:**

Deputy Le Fondré needs to come in, I think, for a tutorial in effectively what this company is looking like. That is just nonsense. The company after 30 years, as far as my analysis is concerned, show the net asset position that numbers hundreds of millions of pounds, which I hope are going to be directed towards provision of more social housing. We are setting up a body which is going to be producing more not less.

**1.5.10 Senator F. du H. Le Gresley:**

It is never certain in a debate like this with so many amendments, when is the right time to speak. But I do feel that Deputy Vallois' amendment is the key note of this day's debate, because it focuses our minds, quite rightly, on what is the key policy here, which is the return to a 90 per cent policy. So, it is at this juncture, if you will allow me a little bit of leeway, I will probably range over a number of points. I have papers spread everywhere, so it may go all over the place.

**The Bailiff:**

If it assists, Senator, Deputy Le Fondré ranged quite widely. **[Laughter]** I think it is open to Members if they wish to argue whether the matter should in fact be put off because they do not like what is being proposed at the moment, to explain why they do not like what is being proposed at the moment. What I do urge Members is that if we have the debate now, they should not repeat themselves if we get any further.

**Senator F. du H. Le Gresley:**

It will not be quite so wide ranging as Deputy Le Fondré. I want to really concentrate, as Members would expect, on the income support aspects of this proposition and also comments that have been made by Members when discussing Deputy Vallois' amendment. I join the steering group on the Housing Transformation Programme as a result of becoming the Minister for Social Security in November 2011. The work was well underway at that stage. Therefore, I came in somewhat as a novice not knowing a lot of the detail. Like Members today, perhaps who are doubting the logic of the way we are going, I have those doubts. I had to be really reassured on numerous occasions, not only by meetings I attended with the Policy Steering Group, but also by my Chief Officer who kept persuading me that, in his opinion, this was the right way to go. What I struggled with is 2 things really, the 90 per cent policy and the impact that will have on income support budgets. Clearly, I think, other Members are struggling with that as well. I want to perhaps pick up on something Senator Breckon said. He said that he was referring to written questions that he posed for this Assembly and also a question posed by the Constable of St. John concerning the housing component of income support and the growth in that component. Senator Breckon said that he referred to significant growth in rent rebate in the private sector. Currently, about 12 per cent of our population, that includes pensioners, working adults and children, are on income support benefits at the moment. So, we are supporting a significant proportion of our population. Now, the amounts that people receive in some cases are very small, because it is a means-tested benefit, so some people may only be receiving £10 a week and others hundreds of pounds a week. But, that is the proportion we are talking about, 6,387 households, as at December 2011, which are the latest figures I have here, made up of 11,355 individuals, 8,177 adults and 3,178 children. Income support is here to stay. There is no way that any measures that we take today will change that situation. It is here to stay. I am upset when I hear people like Deputy Le Fondré saying his tenants at Les Vaux are old school: "They do not believe in claiming income support. They do not want to claim this benefit." Well, I am sorry, but that really is strange coming from somebody who is responsible for tenants. If I had tenants in my property and I believed they were struggling and I suspected they were eligible for income support I would jolly well make sure that they apply. I would even hold my hand over the form, **[Approbation]** which I know is 32 pages long, but I would still assist them. It is just not good enough to say: "My tenants are struggling, but they are

old school and they do not want to claim income support.” I am sorry that is just not good enough. So, what did Senator Breckon say? He said that there has been a significant growth in rent rebates in the public sector since we basically have had these changes to income support. Well, the figures are that rent abatement, which was the benefit that was used to support State sector tenants, in 2007, which is the last full year of rent abatement, there were 3,400 claimants and the value of their benefit was £14.8 million. In 2010, income support for State sector tenants, we had 2,956 claimants. That is a reduction of over 400. The annual value, this is including inflation, not real values, including inflation in those rents, was £13.4 million. So, in 3 years we stripped out 450 tenants, effectively, because the number of units did not go down significantly and we reduced the bill for income support. Why? Because we do a very thorough means test. We do not just look at income. We look at assets. If they have assets, we reduce the amount, we reduced the amount of their benefit accordingly, if they are over the capital limits. So, income support is tightening up on the receipt of benefit for tenants. Last year, 2013. Now, you would expect the figure to go up as we have more unemployed people coming into income support and the bill went up, not significantly, £13.7 million. So, what I am saying really to Members is that the bill is under control and it will continue to be under control while I remain the Minister for Social Security.

**[Approbation]** Another misconception that I might throw into the pot, again this was prompted by something Deputy Le Fondré said, what happens at the moment in the States housing sector when somebody is rehoused or their property is refurbished and a new tenant moves in? Quite simply, the rent goes up. It always has done. A refurbished property is going to command a higher rent than a property that has been vacated in a poor condition. So the current policy of moving tenants into refurbished properties is already in the system. It is already in the figures I have given you. In fact, that current policy - I have got some figures here if you would allow me to quote them - which is built into the income support budgets every year, accordingly, creates annually in the region of £2.2 million additional income support. So, if we did nothing the bill for income support in relation to States tenants would go up by at least £2 million per year. That is the current policy. If we just stood still that would be the increase. Now, when it comes to the proposed 90 per cent rate, the additional cost of that is the further £1.4 million and I am talking here over a 10-year period. The impact of the 90 per cent policy is £1.4 million, but the impact of the current policy, with re-lets, et cetera, refurbishments, is £2.2 million over the 10-year period. So, what I am trying to say to Members is do not be so frightened about the impact on income support. I have asked my officers to check and recheck. I think the Housing officers must be sick and tired of the Minister for Social Security saying: “Have you got this right, because I am not prepared to stand up in this Assembly unless I am comforted we have these figures correct?” I am comforted. It has taken me a long time. I do not believe that the 90 per cent policy is going to put an enormous burden on the income support bill. If we strip out the effect of inflation, the effect of the 0.75 per cent increase above inflation, which would be allowed for in budgets from the Treasurer in the future medium-term financial plans, we are prepared to deal with this issue and the fact that we return to 90 per cent. 90 per cent is the hidden subsidy that is received by something like 33 per cent of States tenants, who do not claim income support. Deputy Southern is shaking his head, but that is the fact. That is the absolute fact. They are receiving a hidden subsidy. The only way that we will make these rents realistic is by returning to the 90 per cent policy. We have done the research. It is in page 54 of the Minister’s proposition, in reference to household income. We did this research and we had 1,224 tenants who are in the States sector at the moment who are not on income support. We analysed their income as best we could. This is household income, as the Minister for Housing was not too sure, but it is household income. But what it does not include is whether they have any assets. So, although we are aware from social security returns, tax returns and other information, we are not aware in providing these figures of what assets these people have. If they have tens, hundreds of thousands in the bank, we are not aware of that, because we do not ask for their bank statements. So, in some cases, when we have 72 people with an income of £50,000 plus I would suggest to you

if they have that sort of income they also have significant savings and we should be encouraging them to move out and take advantage of the new schemes that the Minister for Housing would want to introduce for affordable housing. We cannot have tenants sitting in subsidised properties who could afford to move out and allow the people to move in from the gateway. In the meantime, we are going to be doing more to support people in the private rented sector. I answered some questions yesterday on the proposals produced by Mr. Michael Jones for the department.

[15:15]

We will be able to assist more people to afford their rents in the private sector, currently 44 per cent of tenants are paying rents below the current maximum limits for income support and 56 per cent are paying the balance of their rent above the income support limit from their own resources. So, in other words, they are using some of their other components or other income to subsidise their rents. What we are proposing is that by increasing the amounts that we allow by putting another £1 million potentially into the support of people in the private sector, so 67 per cent of tenants on income support in the private sector will be able to afford their rent. We are doing a lot. The 2 schemes, in a way, run together. I have come to the conclusion that I can support the complete Housing Transformation Programme. With that I am going to sit down.

**Deputy G.P. Southern:**

Can I ask a point of clarification? It is a point of clarification. The Minister said initially that this was household incomes. He then referred to individuals earning £40,000 plus, I think he meant households, where there may be 4 or 5 individuals and sometimes adult children.

**Senator F. du H. Le Gresley:**

Yes. The Deputy is absolutely correct. It is household incomes.

**The Bailiff:**

It was indeed a point of clarification, Deputy.

**Deputy G.P. Southern:**

Thank you, Sir.

**The Bailiff:**

Many congratulations. [Laughter]

**1.5.11 The Deputy of St. Ouen:**

First of all, I would like to publicly thank Deputy Vallois for giving us the opportunity to consider this particular matter and the introduction of 90 per cent or near market rent policy. In fact, the sub-panel highlighted this issue in one of our recommendations contained in our report, which unfortunately the Minister has chosen to reject. In fact, it highlighted the issue that challenged the sub-panel and indeed States Members today, which is the fact that an agreed definition of the role and purpose of social housing should be used to underpin any rent reform. The problem is that, as a States Assembly as a whole, we have not agreed it. Yes, the Council of Ministers has come to a view. Yes, the Minister for Housing, together with the Minister for Treasury and Resources and others, have come to a view. But, collectively we are still struggling with the issue. Had it not been for Deputy Vallois' proposition, we would not be able to even consider this matter. I accept that balance sheets matter. The sadness that I have in listening to this particular debate and the Minister speaking has all been around money, not about social provision, not about aiming to help people and those that we seek to support. We talk about providing and increasing support. The Minister spoke about increasing support for those on income support. This particular rent policy will quite rightly require additional support for those who are currently being provided for through

the benefit system. It is going to introduce others into the benefit system. I would remind Members, if they have our report, about some of the key findings. One of our first key findings, number 18, states: "The proposed rent reforms are difficult to support as the principle of bringing social rents in line with a high value property market, subverts the role of social housing in providing sub-market accommodation for those unable to afford market prices." That is the choice we are being faced with today. It is difficult. Equally the choice being taken in the proposed reforms to allow rents to rise explicitly, because let us face it, not only are we agreeing to a return to 90 per cent market rent level, it is underpinned by an annual increase of R.P.I. plus 0.75 per cent. Regardless of what R.P.I. is, regardless of what people's earnings will be linked to, which is generally around R.P.I. or R.P.I.X. (Retail Price Index excluding Mortgage Interest Payments) or whatever other particular calculation you wish to choose, we are going to be agreeing to inflating our rent by R.P.I.-plus. There are going to be consequences. If I, as an employee, am going to be looking and wanting and am required to rent accommodation, I am going to be looking to be able to meet and match that extra cost. No choice about it. It is going to be very difficult for this Assembly or future Assemblies to be able to commit to that and continue with that policy. That is the problem we have and we have had over the past 10 years, because we have had a 90 per cent policy. But, this Assembly and the Housing Department for various reasons has chosen not to implement it because of the impact it would have on its tenants. That has not gone away. That still exists with this rent policy. I will admit that with the current model, and accepting that we are not going to provide any capital grants to the Housing Department, we have got to go for it, but that is another choice. In fact, it disappoints me to hear the Minister for Treasury and Resources pointing the finger - and I am sure the Minister for Housing will have something to say about it, perhaps later on in the day - at the Housing Department and saying: "By the way, they have not managed their budget properly." It is not bad, Minister for Treasury and Resources. I am not giving way. It is not bad. It is the fact that that the Housing Department was not provided with the appropriate capital to help support additional housing and maintenance of stock because of the increased demand and return required from the Treasury. Do not point to the Housing Department and say: "They got it wrong." They have been forced to operate within a certain set of circumstances which has not allowed them to maintain the property and which has not allowed them to provide the accommodation that we should have. If the Minister would cast his mind back, I believe he was one of the proponents of setting up the housing trusts and the financial model that exists to support them. First of all, that does not mean ... and that model accepts that they need support. That model accepted that they needed land provided at very low capital value to enable them to provide the housing. That model also accepted that the trusts would not be required to contribute to the Treasury. The proposed rent policy that is in front of States Members today is going to also require housing trusts now to contribute at a time when we want homes. We want to invest their money, whether it is the housing trusts or the Housing Association, in more homes so we can accommodate more people. That is the reality of the sort of decisions that we are making today, and they are extremely uncomfortable. As I say, my chairman has already said how difficult it was for the sub-panel to come to any conclusion. Yes, I understand we are in a difficult economic situation but I am concerned that, although we might choose today to agree to set a rent policy around a 90 per cent level, it is going to be extremely difficult to continue and, furthermore, I am certainly not sure we will see the social benefits that we would otherwise see. We have a Minister for Social Security that is being required by the Council of Ministers to reduce benefits to encourage people to stand on their own 2 feet and yet this rent policy does exactly the opposite. I understand why the Minister for Social Security has mentioned about the choices that need to be made. There is an issue here. Ultimately today, it seems, we are going to be asked to make that decision but let us be aware of the consequences of those decisions. They are not all perhaps as good as they are painted out to be by certain of the Ministers and others that have spoken today. Thank you.

**1.5.12 Deputy J.A. Martin:**

I would like to start with the Minister for Social Security's speech, which I felt was very unconvincing. He had to come with a reason and even his voice was very emotional. I always quote this wrong. It is: "Lies, damn lies and statistics" but they are all lies and you can skin that one anyway you like. As Deputy Baudains says, we are all talking about different figures and some of us know more than others. We know Social Security limits what they will give for a one-bedroom, 2-bedroom, 3-bedroom, 4-bedroom house or flat. We know that, but the Minister for Social Security said: "Under the scheme of refurbishing one by one, my bill will go up by £1.4 million." No: "Under the 90 per cent scheme my bill will go up by £1.4 million, but if we do it the other way individually my bill will go up by £2.2 million." He has already budgeted for what they have and the top rents, so that does not add up. I have a lot of respect for the Minister for Social Security, but this is what this debate is about. He stood up and he said: "I have had to reconcile this 90 per cent as Minister for Social Security and the effect it will have on my budget" not a mention about the people it is going to effect and even with his social conscience. No, I am very sorry. He then assured us that they paid out less in rent rebate than under the rent abatement and I will tell you why, because under the rent abatement if anyone came to me and say: "What will I pay? I earn £20,000" I could say: "Your rent will be £5,000." It was an average quarter of your earnings. They do not give as much now. It is between a quarter and a third. You must pay nearer a third if you are working. So you are paying to less people; same accommodation, some of it has been approved. You can work this and you can make it work your own way and with your social conscience you can believe it, but do not ...

**The Bailiff:**

Through the Chair, Deputy. You cannot start addressing the Minister directly.

**Deputy J.A. Martin:**

Sorry, Sir. The Minister for Social Security really pushed his luck to me when he turned around and said he was so disappointed in Deputy Le Fondré, because he was the landlord and he did not go out and bite the hands off the people who were not claiming rent rebate. There is a G.S.T. rebate that the Minister for Social Security is going to throw and pull the hands off people to claim for. If you look on page 54, we have got tenants living on £5,000, £5,000 to £10,000, £10,000 to £15,000 - over 350 people - and on the basic rent they are paying out half of their earnings on rent. Are Housing going out and asking them what is going on, how old are they? I hear a "yes". That does maybe explain how they got those figures. I think it is probably against data protection, but somehow they have got around it because none of these people are claiming anything. In this graph you know exactly what band they are in and household. So I would like to know where they got that from, but we are where we are. This whole policy - as you say this is the main debate - goes on 90 per cent of the rent. It was reported as I was driving back from getting my cat some dinner, because I only would go out in the lunchtime and get my cat some dinner, that Deputy Vallois' proposition: "Let us admit, this is the end of social housing." It does not happen anywhere else. Different ways; get people out and all of that is what Deputy Green is doing tomorrow. As I say, I agree with a lot of what the Scrutiny Panel has said. If you reach a target and you do not want people living in your housing, have the gumption to make a good policy but give them some notice and get them out.

[15:30]

They did it in Guernsey. When you have paid top rent for 5 years they let you put rent and saving for a deposit. Easy-peasy, done. They did not keep people in a trap and this is the trap. Not so long ago when the media picked up on that there are people earning around £30,000 or £40,000 living in States housing or social housing and they were down a popular estate with a young mum saying: "Oh, I do not really think that should be happening. That is housing for people like me with

2 or 3 children and I had better stay that way as well. Well, I cannot always stay young but I had better keep popping out the children because if I start bettering myself, if I have a partner who is working and I want to take on jobs, there you go. Where do I go from here?" Every penny you are going to take and you are just going to make people more dependent. I do not understand the figures. When you look at their own graph, we have only got 1,224 people paying the full rent. The first lot go up to the £20,000 to £25,000, paying the full rent without subsidy. You have 1,000 on the gateway and I know how hard it is to get in the gateway. That is a very low limit, so probably families earning between £30,000 to £35,000 with 2 or 3 children or medical reasons. They are in the gateway. So these people all want Senator Le Gresley's money. He has already said it will cost him that. Then he came out with a lovely gem the other week and said we are going to do the private rent rebates. Well, you know what? Because we have not followed the private sector for years and years and years, but we are going to go 90 per cent behind them. So what do the private landlords say: "Oh, that is lovely. Well, there we go. They are going to give them more money, our rents are going to go up" and it will carry on. Can nobody see this has been happening for years and years and years? We are here today with a sensible debate from Deputy Vallois because the Deputy of Ouen did notice that on page 55 this does not just affect housing. Housing trusts have got to come back to show the income support rent on the 90 per cent and while they are making money ... and, for some reason, I do not understand the Minister for Treasury and Resources ... and all the people and there was little lone voices like me, Senator Breckon, Deputy Duhamel and I think Deputy Southern were here, when they said: "Come on, we have got to give them this land for £10" or: "We have got to give it to them and we will never need to have this argument again. They will provide all the housing we need because, with the profit they make, they will go on and on and on and on." Well, it just seems to be going on and on and on, building up hundreds of millions in the bank. What is going on? Is somebody not giving them another bit of land for £10? Well, you know, we have got a States that need market value. Let us get serious. I give the biscuit to the Constable of St. Peter and his little old lady and if her rent goes up: "Old Mrs. Patel down the road, if her rent goes up and she might have to pay £130, would you really want to subsidise her rent?" But, hang on, is she leaving her little subsidised house that is in St. Peter? Well: "Oh yes, I really want to subsidise her." **[Laughter]** I am sorry about my accent it is not that great but I think you get the point. I got it off the Greffier. I thought, you know: "I will listen to his tape a few times, but you get my point. Today he had the Assistant Minister for Housing hat on when, as Deputy Le Fondré says, we bring in all and they are not even in the gateway yet. We have got the subsidy, as you say, supposed. We have thousands of people who cannot pay. Honest day's work, love, for an honest day's pay. No. As it says, you have got to bring up your money to even get to the 90 per cent. What are we doing to all the States workers, which is how many thousands? A lot are living in this social housing. That is why we have it, because we have jobs that do not pay the high rent. We have to have it done. I do not know how many times I have said it in this House. What is the point of living in a millionaire's island, having a great big garden and a beautiful house, if you have got to clean it and cut the lawn yourself? It is not fun. **[Laughter]** You need those people on the low wage. You can all laugh. They need to live somewhere. They cannot, as if I was at home, get on the train and go 30 miles down the road and get a cheaper borough and work in Westminster but live in Enfield. Enfield is not quite as posh as Westminster. You might get the point there. I think all that the Deputy is asking today ... and I have read a lot of the Scrutiny Report and I think they are finding it very hard to support this without the meat on the bones. They have had advisers. Senator Breckon and I have listened to advisers. Even one, whose name began with a B but I forget - it was in the early sort of 2000s - said: "It is about time Jersey stopped subsidising any housing and let the market fall to where it will be." You know, that was another way to skin the cat. We have had this debate and we are having it again. It will all come back to bite us, but let us be honest about it. What the Deputy is asking us to do is come back with everything that is going on, include everyone in the Island, especially the

Constables and their subsidies houses in all their Parishes, because we cannot do it without them. If we had not ever gone to income support, this would have been torched in every Parish, absolutely. But, of course, according to the Minister for Social Security, income support is tight and he is tightening up and he is getting the benefits right, but to do ... No, I do not believe his social conscience and his budget conscience, and I do not believe he is there thinking about the people. I am very sorry. Have I covered everyone who has spoken? The Minister for Treasury and Resources talks about: "This is capital" and I love the Le Squez repayment of £8.1 million out of capital. Now this is an example of never having Housing do housing. We owned that estate from 1970. We demolished every house and we were going to have 8 phases. The first phase was going to be sold off, which it was, and it was going to pay for the next. Why do we owe £8.1 million? Brewery and something else comes to mind and, on that note, I am going to have to sit down. Thank you very much.

### **1.5.13 Deputy M. Tadier:**

Yesterday we were talking about the Discrimination Law, and I was very sad to hear the struggles of Mrs. Patel who is living in St. Peter and I hope her rents certainly do not go up. I was standing here in November 2011 giving a pitch for the Minister for Housing's job and I said during that speech that there is a positive side to Housing. There is a whole other debate, of course, about the merits of incorporation. I pointed out that the department itself, despite, I think, neglect from a political point of view and from an investment point of view, was and has been relatively very successful. I said that economically it washed its face: "It generates [this was in 2011] £36 million annually, but it also provides a social function, which is to house the most vulnerable and the least well-off in our society." I think that has to be noted because the staff there do a very good job and hopefully that will always be the ethos of the department after today. I also pointed that of the £36 million income the majority, £24 million roughly, was returned to Treasury and it was that which left insufficient funds for maintenance, let alone building new-builds or property acquisition. So when we talk about that let us make sure we get it right. It is not because there is some fundamental problem with housing as it worked. It is because the profits were going back to Treasury and not enough money was going into maintenance going forward. That led on to the idea of subsidy and I am very uneasy when we talk about housing being subsidies because housing, as we have seen from the statistics, pays for itself. It is only subsidised if you view it relative to the private sector, which is inflated anyway. The costs are over-inflated but we have seen the economy is overheated. We know that rental prices are not coming down as quickly as they should be in the private rental sector even though house prices are dropping. That is because, paradoxically or consequentially, people cannot afford to buy. They do not have the liquidity. They cannot get access to the mortgages. Therefore, more people are renting despite the fact that the house prices are coming down. Now, what this should flag up as an alarm for us is why on earth would we be using private rentals as some kind of benchmark for a completely separate system which has nothing to do with the private sector? The word has been used synonymously saying that private sector rents are fair rents and that is complete nonsense. There is nothing fair about private rental prices, and so why are we comparing apples with pears on this? As I say, it simply does not make sense. We have had the Minister for Social Security ... and I think it is important to read between the lines because we know that the Minister for Social Security is a team player. He is not somebody who will go out on his own. He likes to try and find consensus and, therefore, I think, as Deputy Martin pointed out, it is important to read between the lines, to listen to the tone that comes out and I think one of his opening lines: "I struggled with 90 per cent" and I did not really hear a compelling argument to say why he is still not struggling with that. Perhaps that is something which he has pushed to the back of his brain. I think that is an issue there but he spoke about the fact that: "My department is going to be doing more because currently there is only 44 per cent of tenants who can afford to pay their rents in the private sector and 56 per cent of them have to find

money from other sources, but we are going to be increasing that to make sure ...” What is the benefit of that? Who is going to be the ultimate beneficiary of the fact that we are going to be paying more out in terms of income support? It is the landlords. I am surprised by the ruling earlier. I thought it would have been quite appropriate for anybody in this Assembly who is a private landlord to give a declaration, as the Constable of St. John did, because we know, as the Minister for Social Security knows, that this will have a direct impact on private sector rents. It will be inflationary on those private rents, and the Minister for Social Security knows that. It means that the £7 million that we were giving out in income support to landlords for people who cannot afford to pay private sector rents and because we do not have enough social housing will be increased. So that £7 million of taxpayers’ money, which is increasingly falling on the shoulders of lower to middle income earners, will be going straight into the back pocket of rentiers and, whether this is by design or not, this is a consequence of what we are passing today. So it is quite right that Deputy Vallois raises this issue today. We do need to have a second look. We need to look at the unintended consequences of this 90 per cent. Is 90 per cent of private sector rentals the only way to do it? I do not think it is. In fact I think it is a grave mistake if we go down this road for what can otherwise be seen as a potentially very successful model for the incorporation, albeit with ministerial oversight, of a new department. I think this is the key thing. There has been very much doubt cast on this 90 per cent and with good reason. I think also we need to look very carefully at the tone of the Scrutiny Panel. I am not convinced that the Scrutiny Panel are 100 per cent convinced by this 90 per cent method. We have already heard strong reservations from the Deputy of St. Ouen and I think, if we read the tone, even those who would tend towards supporting the Council of Ministers on Scrutiny, more so politically, perhaps are struggling to do this and that needs to be taken into account. I think there is a strong argument here for Deputy Vallois to be congratulated and for this amendment to be passed for exactly the reasons I have said, because of the consequences it will have on private sector rentals and the bill will go up for those lower and middle income earners who are just above income support levels but who need to remain in housing.

**The Deputy of St. Peter:**

Sir, may I just clarify a point there? I believe the Deputy suggested that the sub-panel was not happy with this. We have made our views very clear. We have looked at all the information that we have gathered, and we reluctantly accept that this is the way forward.

**Deputy M. Tadier:**

I thank the Chairman for that clarification and it was exactly that reluctance which I was highlighting in my speech.

**1.5.14 Senator L.J. Farnham:**

I made 2 short notes prior to the debate of the issues which are going to help me to decide and the first one was the affordability of rents and the other important question for me was whether this was going to improve the quality of social housing at an affordable cost and I just want to remind Members of the meaning or the true definition of “social housing”. Social housing is housing that is let at low rents and on a secured basis to people in housing need.

[15:45]

The key function of social housing is to provide accommodation that is affordable to people on low incomes and rents in the social housing sector are kept low by States subsidy and in our case that is going to come through income support. I personally believe that any good principled definition of social housing must include the requirement for all social housing to offer low rents affordable for people working on the minimum wage or in that area and security of tenure, for life if necessary, for people with an urgent housing need. Now, I think the proposals broadly retain that. Deputy

Reed, I think rather unfairly, stated that this debate was all about money. Well, it is being made all about money and, of course, there are very important financial considerations, but - somebody correct me if I am wrong - I think the whole point of the Minister for Housing's aim here is to improve the quality of housing for people that need it. I cannot see the financial consequences changing for those people on low incomes and if I am wrong then can somebody please correct me, because I think people on low incomes with an urgent housing need will be catered for. That is really all I wanted to say and stand to be corrected if I am wrong. Thank you.

#### **1.5.15 Deputy G.P. Southern:**

I am tempted to correct him on that point straight away then. The fact is that access to social housing in the States sector is not solely on the basis of low income. It is between the ages of 25 and 50 and having some sort of disability or special need. It is not about just a low income. So it is not just that, but anyway. It is time for me to throw my weight behind Deputy Vallois' amendment, not my amendment but her amendment, because I think this provides a modicum of safety for us to reconsider what we are about to do today and in particular the area of this 90 per cent rent policy and also the inflation plus rises in rents that are going to be policy from now on and we will look at the consequences of that during this speech. If Members would be kind enough to get out my second amendment, I will be making extensive reference to it because my speech was designed for my amendments but it applies equally as to the reasons why we should adopt caution and, I would suggest at this stage, vote for Deputy Vallois' amendments. Also, if you would, the big sheet that I circulated earlier today, I will be making reference to that - I think it is important that people are able to follow that - and the other sheet which looks at rental rates and what the increases are, circulated by me again earlier. I will be making reference to those. I will just start by saying I have no objection to the policy, the principle, the delivery, the regulation, the structure or the formation of the company. My sole objection to this particular path that we may be about to take is one of the finances and the numbers. I congratulate, as the Minister has done already, his officers for putting in a massive effort, but I am afraid I think what they have ended up with is something that is, I believe, unsafe because it is unsound and I believe it to be unsustainable. The Minister for Treasury and Resources was talking earlier about this "constructive tension", as he called it, in the Minister's steering committee on this particular topic. Now, constructive tension, to me, means that some people were pulling in opposite directions and my question would be: was that the Minister for Housing pulling in one direction and the Minister for Treasury and Resources pulling in another? I believe that is the case. That is where the tension is. Why do I believe that? Because you have to look at what the role of this proposed housing company is and I will quote the direct words of the Minister himself in his response to key finding 31 from the Scrutiny Report. He says: "It would not be appropriate for the housing company to bear the cost of changes to income support policy which may have no relation to housing provision. The housing company will be responsible for providing social housing stock which meets Decent Homes Standards and high quality services to tenants. It is for Social Security and the Treasury to manage and deal with any potential changes in demand for the suite of benefits captured under income support." There the Minister is being very clear and laying out what he sees the job of the housing company is. It is to build and maintain housing, simple as that, not to concern itself, as it currently does, with funding income support and there lies the rub. So he is very clear about what the housing company's job is going to be: building and maintaining accommodation. Can the new housing company do it? Why, of course it can. It currently has a rental income of £40 million every year. The building and maintenance is not a problem. Why has the Minister not been able to do this in the past, and Ministers before him? Because they took on the rental abatement and rebate schemes way back, a policy which was a scheme devised by the Housing Committee at the time, never came to the States. It was a scheme like a ministerial decision; in those days, the Committee could make up a scheme and just go ahead with it. It never came to the States. That policy was roughly that the

rental levels, the fair rent levels, as they were called, would be set at around 90 per cent of commercial private sector rents, and we can see the growth of that if Members turn to my amendment, page 6 in table A, you can see the steady growth until recently of both the States abatement scheme, now currently standing at £13.7 million, and the private rebate scheme, which was started some time later, but which grew fairly rapidly and now occupies or takes up £10.7 million. The total of that subsidy, the total subsidy in Housing then, £24.4 million at the moment. What is the result of what has happened to Housing finances in the past years? Here I refer, and I quote directly from Professor Whitehead in her section 4: "Key issues of States housing" the lead part of what she sees as the issues: "In this section we discuss the key issues which must be addressed when choosing between options for reorganising States housing to make it better able to meet future requirements." The first point it starts with is: "Financial viability. The current financial arrangement for States housing cannot be considered to be viable into the long term." I do not believe these proposals can be viable either. Why? Because she goes on: "Although the total rent income collected in each year" and in this case back in 2009: "was £32 million and each year is some £32 million, the States has consistently restricted expenditure by the Housing Department on the management and maintenance of the housing stock to just over £10 million." It hovered around £10 million, £11 million for many years: "The balance, currently £22 million per annum, is transferred to the Treasury. Prior to the introduction of income support, this sum was used by the Housing Department to fund both the payment of rent abatements to States tenants and rent rebates to housing trusts and to the private sector tenants. While the expenditure budget allocated to the Housing Department may be adequate to fund housing management and day-to-day repairs, expenditure on maintenance, replacement and updating of housing stock has been seriously underfunded for many years. This had allowed a backlog of major repairs and improvements to build up over the years" estimated to amount to £75 million by 2006 and now standing at around £48 million: "Without a fundamental rethink of the financing of States housing, it is not possible to achieve decent homes for all social tenants into the next decades." So here was an opportunity to fundamentally change the structure and Professor Whitehead clearly points to what the problem is. It is the return to the States. That is the thing that is getting in the way of previous maintenance and building up a proper housing stock. The Minister, in his report, copies the 2 key points of Professor Whitehead: "The current balance of income and expenditure is only met by running down the condition of the States housing stock" and finally she says: "The requirement for the Housing Department to make a significant annual return for the Treasury, which left insufficient revenue to address the annual repair needs of the stock." Now that return to the Treasury currently stands at around £36 million, £36 million going into the Treasury funds, not into the building and maintenance of housing. There is the problem. In transferring from the old system to the new, the opportunity was there to abandon this system, to stop the leakage of large sums of money out of the housing fund, building and maintaining housing, and into the Treasury for general revenues. There is what the problem is. Now, the Minister kept saying ... what was his phrase? "It is the hidden subsidy that prevents maintenance and repair." That is not what his adviser, Professor Whitehead, said; it is the return to the Treasury that prevents repair. That is the problem. This is well-illustrated, if Members will turn to my amendment on page 9, by the diagram which shows what rental income goes back to Treasury, and what rental income is left to maintain and develop housing. The proportion is around 2:1, 2 to the Treasury, 1 going to housing needs. That is the problem, and it is this return to Treasury that is getting in the way. Now, Professor Whitehead said: "This backlog was estimated at £75 million in 2006, but has been reduced by several fiscal stimulus projects to around £48 million today. The chronic shortfall is described as £2.5 million for responsive repairs and £5 million for planned maintenance and improvements annually. The mechanisms available to meet this shortfall are: (1) reduced payment to the centre; (2) rent increases; (3) sales of property; (4) borrowing." "Oh" I hear you saying: "but we are only proposing (3) here." We are saying we can borrow large sums; we can sell properties, 300, 330

over the 30-year plan; rent increases, they are built in, that is not in this plan. What is missing? Oh, reduced payment to Treasury. What is this tension? Treasury wants this money. Why does it want this money?

[16:00]

Those people who went to the end of financial year exposé yesterday lunchtime, will have seen the pie chart that said where we get our tax revenues from. It is a statement I have been making for some time now. The old economic model we had, which was we can live a fairly good life on receipts of taxation from finance sector and business has gone. You look at that chart and it says something like £354 million of tax revenue from individuals; £80 million from company tax from companies. That used to be the other way around. It used to be over £200 million, £240 million in the last 10 years from companies. That no longer exists. So what do we need to do? We need to reconsider our economic model. Now, here I agree in the analysis that the economic model is broken with Senator Ferguson. She would turn around and say: "The economic model is broken. What we have to do is spend less on public services" whereas I say: "The economic model is broken. We have to spend ... no, we have to raise taxes in a different way in order that our society should continue to exist." The Minister for Treasury and Resources just closes his eyes and says: "The economic model is not broken. We do not need to do anything" but that is why he is so desperate to keep hold of and maintain this return to Treasury because so far he looks at that £80 million and he says: "Part of that is zero-rating all the non-finance sector and I cannot do a thing about getting some more tax out of those. I have been trying for nearly 3 years now and I still do not have an answer. I cannot get more tax from that and yet we do need some more tax. I must hold on to this return to Treasury." That is where the constructive tension has been. Of that, I am convinced. So let us turn to what the extended business plan does and says about what is going to happen over the next 30 years as far as this particular housing company is concerned, and if Members will turn to Appendix 2, I hope they can follow what I am about to talk about. The left-hand column of the third column along says existing tenancies in thousands of pounds and talks about a rental income currently in 2013 of £40 million. If we did nothing but replace tenants in the same properties, but we only put up the rents by this inflation plus - and inflation-plus over the next 30 years, 3.5 per cent as the inflation expected plus 0.75 per cent, which is 4.25 per cent - if all we did was put up the rents that we have got now and did nothing else, by 4.25 per cent each year on average, our rental income in year 30 would be £136 million, £137 million, rental going up, steady, steady, steady all the way through from £40 million to £136 million. You would think you would be able to work a decent housing scheme with £136 million coming into your rent as your income, but what is happening? If Members would turn to Appendix 1 in my amendment, over the same period, we have got the annual return to Treasury. Now, that is only going up by the 3.5 per cent, the expected inflation over the years, but nonetheless, that grows from its current £26 million to £77 million. Over half of the income, all the way through these years, is going out, not in Housing, not in the maintenance, but to Treasury, return to Treasury and that is growing alongside. Again, if we look at what is expected to happen and go back to Appendix 2 now and build in all the changes, rent increases, 90 per cent sold properties, demolished properties, decanted properties and new builds, then in the penultimate column we get total rental income in that column starting again at £40 million in 2013, and growing at much more significant rates as we build some more housing - and we are building some - and it grows to £176 million. The total entered income under this scheme, £176 million by the time we get to year 30. Again, it sounds very significant. What is happening though? Where is that rental income coming from? We are told by the Minister for Housing and by the Minister for Social Security that approximately two-thirds of that rental income - and we saw the diagram before - comes from income support, so two-thirds of that is coming from income support. What is two-thirds of 176? I did it ...

**Senator F. du H. Le Gresley:**

Could I ...

**Deputy G.P. Southern:**

No, I will not give way.

**Senator F. du H. Le Gresley:**

I will let you carry on incorrectly.

**The Greffier of the States (in the Chair):**

Senator, he is not giving way. Senator, please.

**Deputy G.P. Southern:**

Which bit is absolutely rubbish?

**The Greffier of the States (in the Chair):**

I think he is giving way.

**Senator F. du H. Le Gresley:**

I am sorry, but we cannot carry on debating ... well, what we are debating now is a different amendment, which means that the people who have spoken already, such as myself, are unable to challenge the Deputy's figures. It is absolutely incorrect to say that 67 per cent of that total of £176 million will be paid by income support, which is what the Deputy has just inferred. If he was correct, why is it of the £40 million of current rent, only £13.7 million is provided by income support, which is not 67 per cent, it is about 34 per cent?

**Deputy A.K.F. Green:**

In a similar vein, I was going to correct the Deputy when he finished. I know he did correct one of the things he said wrong later on, but it is not £36 million return to the Treasury, it is £26.8 million, and the figures based on this Appendix 2 are based on the Wilcox Report. The Wilcox Report was inaccurate and abandoned.

**Deputy G.P. Southern:**

The figures that we are talking about in Appendix 2 come directly from the officers of the department. I asked them to say what was the overall business plan, what were all these figures. This is what they produced. This is not from Wilcox, this is from a senior officer in the Housing Department. When I asked for these figures, this is what I was given. These are Housing Department figures, very clearly. Please do not try and rubbish that. We will get on to the Sector Report and the Wilcox Report later, because I am going to use it, because you have not replaced it. Now, let us not argue about the figures: a third or two-thirds of that sum will come from income support, and I am quite happy to say that because in both cases, it is nothing like the small sums that have been quoted as the cost of this policy. It is significant. It is either £118 million or £59 million coming from Income Support, and that is the reality, or thereabouts. Let us not argue about details. Significant money, and that is the reality of what is predicted to happen by the department. That is the reality. These are inflated figures, but the inflation is significant, 4.25 per cent on income and 3.5 per cent on the return to the Treasury. Why is this important? Because with that return to the Treasury, with those significant figures coming out of income to the housing company, that is the reason why when you do the analysis, it must be 90 per cent and not 80 per cent. Now, Deputy Vallois has argued that at 90 per cent, this is the end of social housing. That is not affordable, cheap housing, that is expensive housing, and I believe what we are going to see and what we have confirmed is that we are the third-most expensive area in the U.K. for the price of housing, and yet we are charging 90 per cent, when most authorities concerned in the U.K. limit

their maximum rents to 80 per cent. As Deputy Le Fondré has previously mentioned often, that is 40 per cent or 60 per cent of the market rates. So when the Minister ... let us do the overall figures. Over that 30-year period, what we have - and it is given in table C on page 7 of amendment number 2, but applies equally to this amendment we are doing now - we have got rental income over the 30-year period of £3 billion, and overall return to the States of Jersey of £1.5 billion. Half of our rental income is going out over this 30-year period to the Treasury. That is not fixing the problem, that is perpetuating the problem. That is the reality. Now, the Minister has come up with a convoluted way, he says, of protecting and easing in these rises, and on page 53 of his document, of his Reform of Social Housing P.33 document, he shows us that by year 5, 51 per cent of tenancies will be new tenancies. They will be at the 90 per cent. So he has phased it in, but it is not a very long phasing-in period. In 5 years' time, over half of tenants will be paying the maximum of 90 per cent rent. Over those 5 years - and you can do the sums yourself - if you have not taken out a new tenancy, if you are still in your old tenancy, your rent will be going up by 4.25 per cent a year. Multiply that by 5 years, cumulatively that is 23 per cent, so even if you do not move, within 5 years your rent will have gone up by something like 23 per cent; 23 per cent on, let us say, a rent of £200 a week is £46 a week. That is a significant rise. In 2 ways, the Minister has tried to persuade us that despite these large numbers, £3 billion, £1.5 billion of income or return to Treasury, that the impact on Social Security, income support bills and on rental increases will be relatively small. On page 11 of my document, we have table E, which shows these small amounts of additional rent, which he calls: "in real terms" i.e. not inflated. The reality is he talks about his business plan with the inflated figures, which gives him £3 billion of rental income over 30 years, but does not inflate the income support figures.

[16:15]

So we get income support figures of only £1.6 million through a single change, uninflated, when in fact if you inflate them, after 10 years we are talking about £23.6 million. I will not even go into about what that means if you inflate them over 30 years. The reality of what will be happening in real terms, are the inflated figures and not the so-called real terms figures, which look absolutely relatively miniscule. Also in response to questions yesterday, and it was question 13 - I hope it is here somewhere - when he was talking, the Minister, about rent increases and what they would be in real terms, how many extra pounds would people be paying, he chose to make the comparison between the current fair rent and the 90 per cent mark and he said: "Approximately £12 will be the average rise." But the fact is rents, on average, are not at the fair rent level, they are at something like 69 per cent, perhaps 70 per cent. I think I saw somewhere that over the past year, they have risen to 74 per cent of the fair rent level, so the real increase is about at least twice that. It is of the order of £20, £30 a week. Now, in the absence of any other figures, I have taken the figures from the Sector Report - otherwise known as the Wilcox Report - and there it is. If Members will just examine that, they will see 2 charts, one which talks about rent rises in the States sector for a bedsit, a one-bed, 2-bed, 3-bed, and if you do the sums there, from the current to 90 per cent of the market rate, you see rent rises of £27, £30, £51, £43, £44. In the trust sector, we have rents rising from £18, £55, £33, £44. Significant rents rising. Now, the Minister says that we abandoned this, those figures do not mean anything. We have given it up. Why would you give up a piece of research into the social impact of your proposals and not replace it? Was it so shoddy a piece of work? It was not. How can I tell it was not that shoddy and not that far off the mark? Because when I look at the housing trust average rent rises, I get a figure of £33 a week for a trust called LV, and that indeed was the level of rent rises that the trustee, who spoke earlier, was talking about. He also mentioned that for Jersey Homes Trust, the rent rises will be smaller because all of their properties are fairly new and they are much closer to the 90 per cent mark already, and indeed, that is true. Their average rent rise is £18, half of what Le Vaux's is. So I think despite the Minister's denial that these figures are fairly trustworthy, and if they are, then they are significant rent rises which

most people will be paying over the next 5 years. That is the reality. Finally, we have had people talking about: “Who is it we are paying these subsidies to?” and this hidden subsidy. If you take rents up to 80 per cent or 90 per cent, you are not talking about a hidden subsidy. Who is receiving them? The reality is that of the people living in States accommodation, 80 per cent are in the bottom 2 income quintiles. It is not lots of people living in social accommodation who should not be there. There may be more in the trusts because they have less stringent criteria for renting, but the reality is that 80 per cent are in the bottom 2 quintiles and are never going to move out and buy their own home, so whatever level we set, we are not discouraging that, because it is not a reality for most people living in social rental housing, and I believe it is also something like 50 per cent of the people who live in States sector housing are over-50s, so even if they are in a position to want to go and get a mortgage, they are unlikely to be able to anyway. The reality is, as Professor Whitehead said, that the vast majority of people in social housing are those who need social housing. The reality of this proposal, apart from the fact that the funding does not work, is that as Deputy Vallois says, this in effect is the end of social housing as we know it. I repeat the words of the Minister as I finish, when he said in response to the Scrutiny Committee: “It would not be appropriate for the housing company to bear the cost of changes to income support policy.” It is for Social Security and the Minister for Treasury to manage and deal with any potential changes in demand for the suite of benefits captured under income support. For those who do not receive income support, that is a third of people in States sector, perhaps a half in the trust sector, they will be bearing the brunt of these rent rises. Otherwise, that will be loaded into the income support bill, which will rise inexorably over the time period given and that will be funded effectively from the taxpayer. The role of this housing company is to build and maintain affordable housing. At 90 per cent, that is hardly affordable, but that is the single role that should be happening, and they should not be trying to cater for income support costs as well. I urge Members to back Deputy Vallois’ proposition.

**Deputy A.K.F. Green:**

Can I just correct one thing that I said, and Members will know I do not play games, so I apologise to the Deputy, because the document he was referring to originally is indeed correct and from my officers, so I do apologise. I muddled that up with the Wilcox Report, and the Wilcox Report was abandoned and does contain inaccurate information and cannot be relied upon. Furthermore, Sir, just one point.

**Deputy G.P. Southern:**

This is the same speech.

**Deputy A.K.F. Green:**

It is not a speech, Sir. The Deputy released table 6 from the trust’s capacity report. I am quite happy that he has this report, but I want to make it quite clear: I will release it when I get permission from the trust, and I want to make quite clear to everybody who gave me that information in confidence that the Deputy got that information from another source, not from me.

**Deputy G.P. Southern:**

That was a second speech, but as a matter of clarification, I have no table 6 from any report that he mentioned of the trust. Table 6, as far as I know, has come from his documentation or my documentation.

**The Greffier of the States (in the Chair):**

I do not think we can resolve that.

**Deputy G.P. Southern:**

[Aside] You are wrong again.

**1.5.16 Deputy J.H. Young:**

I will try and address the amendment, if I may. I think Deputy Vallois' amendment takes us right to the key issue, the kernel of the substantial proposition, a proposition which will effect major and very, very long-term change. As a States Member, I am asked to make a judgment, a fairly new States Member. Of course, since I have been a Member of the House, I have learned that a few propositions are very good, like yesterday's Discrimination Law, but most are less so.

**The Greffier of the States (in the Chair):**

Sorry to stop you, Deputy. The Assembly has become inquorate. I will ask Members to return. A Member has returned, so you may continue, Deputy.

**Deputy J.H. Young:**

I include my own as being less so. But of course one has to make a judgment then as to which side of the line. Is there enough positive in a proposition? Is there enough good in it to go with it and are the doubts significant, sufficient to push you into a negative conclusion? That is the debate we have been having, and of course here I am, the desk is surrounded with paper, there is another stack of stuff in the drawer there. I probably spent 2 days trying to read every document - I am sure every Member has - and I think that the Scrutiny Panel have done a tremendous service to the Assembly. I would have found it really difficult to even get to grips with these issues without that report. It is well-written, informative, and above all, it is based on evidence, evidence which I am not yet seeing in sufficient evidence to persuade me that the proposition that we have, though well-intentioned, because we all want to see our housing stock improve, we all want to see social housing, which will be here very long term, we want to see that supply increased and we want to see it viable for the future, but I am not yet fully convinced it is fully through. So the amendment, I think, gives us an opportunity to shape this in the right direction. I urge the House to think carefully about that judgment. The Scrutiny Panel really, I think, have given us the other side of the coin. We have from the Minister the positive effects or the plan A, if you like, of what this proposal is about, but the Scrutiny Panel's report gives the unintended effect of the key issue of imposing a policy of a 90 per cent link to market values. When you read the comments, they concluded that the reforms are difficult to support, finding 18. It is after a very long time and they are deeply uncomfortable. One does not just discount those and say: "That is being disloyal to our Government and it means that we are not behind the Council of Ministers, who is try to get housing." So I look there and I looked at the recommendations and of course we have got 13 findings in the Scrutiny Report in paragraphs 18 to 31 and 6 recommendations. So out of the 13 findings, 10 of them the Minister has either rejected them or made negatives, including the elements of that related to the 90 per cent policy, which Deputy Vallois' amendment seeks to have replaced with a further process and further review and further information coming here that again we can make an informed view on it. Of the recommendations on the same subject, paragraphs 12 to 17, 3 are negative. So I think that to me is very worrying and it kind of means that: "Well, is the judgment that I want housing, I want all the good things, so do I just have to rubber stamp it?" For me, that is not a judgment I feel comfortable with. Of course, I cannot ignore in these reports the elephant in the room, which is the whole issue of what is the return of this new company to be, the return to the Treasury? It seems to me this is the dominant factor that is driving this 90 per cent rent assumption. The Minister for Treasury gave us a very informative speech on the question of the choice of the return re the capital value of the assets and the capitalisation of the new business, and that is absolutely clear. He said there is a range of choices. He spoke about a different view being taken in Guernsey, where they take a different view where they put the assets in - I was not

aware of this, but I think that is what he said - at a low value and therefore they can take a different view on the financial return.

[16:30]

Also in the Scrutiny Report, it is kind of buried away in there and I think it is not given enough prominence, that nowhere in the U.K. housing associations do they require registered social landlords to make this equivalent return. So where that leads me is a worry. Is this 90 per cent policy being driven by the treatment of these assets? Now, I know that is an accounting thing. We are told: "Oh, well, it is just an accounting thing" but I think what Deputy Vallois' proposition does, it gives us an opportunity to look at that more carefully and scrutinise it properly, because the asset value there, in the Scrutiny Report it says that the asset value is valued at £1 billion, but it also says that the value of the social housing is half that, £500 million. Massive consequences of that, so there is clearly a relationship between the finances of the new business that you expect in terms of its rental value policy and the values of the capital assets that you put in and its capitalisation. Of course I also note ...

**Deputy S. Power:**

Could the Deputy just repeat that, the £500 million? Could he just repeat the difference?

**Deputy J.H. Young:**

What I read in the Scrutiny Report - and I may have misunderstood, but it leapt out of the page to me - is that the value of our States housing is £1 billion and if it was valued as social housing based on its rental values, half that, £500 million. I stand to be corrected. Well, that is very significant, so that is the choice that we are about to make, so there is this relationship between capital and the return and the rent, which affects people's lives crucially. Now, what are the alternatives? I think what we are being asked to believe, there are not alternatives. The Scrutiny Panel says: "We checked all the figures. We have done 80 per cent, we have done" I do not know how many percentage: "every model in sight" but of course nowhere do they see where an answer to why the model that works elsewhere about capital injection or interest subsidies, the alternative has not been looked at. Why is it assumed that cannot be? So I think that strongly relates also to the rental policy, and I can hear the views now: "We do not have any capital. We are too committed on other things. We cannot do it. We have agreed the M.T.F.P. (Medium-Term Financial Plan)." There cannot be anything more important than housing our population. That is what the Strategic Report says. So if we are in a housing crisis, and I believe we are pretty close to it, if not in it, because of the turnaround of our policies - and there is a story for the substantive debate - but we have to, in my view, give priority to housing funding and that means foregoing other things. Those choices need to be faced and not avoided, in my view, by trying to find creative accounting devices. Just getting into the percentages, the Minister says the right number to solve all this is to have a policy of 90 per cent at a market level. The trusts say in their submissions to the Scrutiny Panel it is 80 per cent. That is what they say. Historically, and if I get this wrong, please forgive me because I am really confused with the numbers flying around, but I think it is said that at the moment they are around 67 per cent or something, so that sort of order, but there are clearly choices there and in here it is said people have worked an 80 per cent model and it works. Okay, you do not get the return to the Treasury, but the numbers work, but of course in there we have had all these figures and Deputy Southern's contribution, I am sure it was well-meaning, but I was totally confused. I would really want to see ... I just wish there was an independent review pulling all these numbers and all this paperwork together and give me a consolidated view of the figures and say: "This is the position." I would like to see the Minister saying he thinks we have got it.

**Senator P.F.C. Ozouf:**

Would the Deputy give way?

**Deputy J.H. Young:**

Somewhere in here is the figure.

**Senator P.F.C. Ozouf:**

Would the Deputy give way? I do wish to be helpful to Deputy Young, because he is an accountant and he understands this issue and he is focusing his remarks on the revenue, on effectively the return, but effectively there is an offset and we have done the work of whether or not the return should be different, but the debt or the capital should be taken out earlier or later. This issue has been examined and I thought it had been published when we published papers in the Green Paper, where we had all this debate. So we have looked at both the revenue expenditure and capital, if that is of any assurance to the Deputy, and there are officers outside that can help him with this.

**Deputy J.H. Young:**

I appreciate the Minister's offer. Obviously this Green Paper, I apologise to the Assembly if I do not have it to hand. Obviously what I have to hand is the paperwork that we have been presented with in terms of this proposition, and of course that point did not, I do not think, come through the Scrutiny Report. Of course the Minister did meet the Scrutiny Panel and I am sure that kind of issue was looked at. But nevertheless, they came out with these recommendations. I accept the fact that we end up with a position where the Scrutiny Panel came to a reluctant conclusion that it would accept it. I think for me, I cannot go there. This is too many doubts, too many issues. I did not come into the Assembly to be a rubber-stamper on such an important matter, so I am not prepared to. I ask Members, please, have a think carefully about Deputy Vallois' proposition. Do not be put off by talk of delays. Every time this comes up, we get: "Well, you will be a negative. You are trying to slow things down. You are trying to mess up our plans." Absolutely not. I just do not understand how we get locked into those things where things cannot be done properly. Thankfully, there are some of the details out there. There are a few recommendations that Ministers accepted. I would still hope, even at this late stage, that the Council of Ministers will think about accepting Deputy Baudains' constructive recommendation. But, if not, Members, please think carefully before you vote against it. I shall be supporting it.

**1.1.17 Deputy J.M. Maçon:**

What a long day it has been. When talking about this debate I think you have to put it in context and the first place I want to start off with is looking at the market. My ears pricked up when the Deputy of St. Ouen said this, and he is quite right, and semantics matter because what he said was: "It is 90 per cent but it is 90 per cent of an over-inflated market" but there is more to that. It is 90 per cent of an over-inflated market with a population policy that want to increase the number of people here. Also within that backdrop we have a Minister for Housing that has publicly declared the stance that he does not want to promote policies that would cause negative equity within the Island. We also have a States Assembly that is very strong about protecting the Green Zone. We have an unresolved issue about glasshouses on the Island. We also are in a situation where we have many developers who could provide private units of accommodation, sitting on applications and not developing their sites. We also have a situation whereby there is a lack of credit out there allowing people to be able to buy their own houses. All of these different factors add to the pressure cooker that is the rent prices overall in the private sector. What I am trying to explain is, with all these different factors and with all these different pressures on the market, I am very uncomfortable when we start pegging things at 90 per cent of an artificial market, which is always driven upwards. That is my major concern about the Minister's policy with this when we know that if we are to peg it at this level we know it is an unrealistic level. We know that for ordinary people, heaven forbid that we should be thinking about ordinary people, I say that in jest, of course, we all do, but it is the point that these levels are unrealistic. It is that difficulty, in order to break

that cycle, in order to be able to provide the units that we want to be able to provide, the housing body, which will come, whatever form it will be, needs to have the money to be able to do that. I suppose we are in that rock and a hard place. But, again, I think I am very uncomfortable with pegging something at market level that we know is so over-inflated because of all the different things which we could address if we adopted different policies within this Assembly to help our own people but there are various reasons why we may not choose those certain options. Ultimately, who actually loses about this because there is the argument about the subsidy? If we do go with all the transparency, who loses? By supplementation, it is middle Jersey that loses again because they are the ones who are going to be footing the bill, which means, as Deputy Young says, other things are going to have to be sacrificed in order to make the whole system work. I will continue listening to the debate. I wanted to put my concerns on the record. I wanted to give an acknowledgement that this whole debate existed in a wider context of other factors that do affect the pressure cooker that are private rentals, that the population policy that we are going to have and, again, introducing more people into this Island when we know we have got limited stock. Again, how that is going to further push up the demand in competition within that sector, when they are not able, initially, to be able to get into social housing and so on and, again, how that all sits? At the moment I am very uncomfortable with pegging things at 90 per cent of an over-inflated market. I look to other Members who perhaps can persuade me, one way or another.

#### **1.1.18 Deputy S. Power:**

This whole situation is a revolving door. What are we doing debating this for hours and hours and hours? To a large extent the elephant in the room has been, is and always will be the annual return to Treasury. Because of the annual return to Treasury and a desire of the States, represented by the Minister for Housing, the Minister for Treasury and Resources and the Chief Minister, to break the Housing Department loose into a NewCo or a trading organisation, we have to engineer the situation where the rent structure has got to, in some way, cover and provide a return for the annual return that the Housing Department is stuck with. That is where we are. The engineering structure of the 90 per cent rent is the catalyst for the stabilising cash flow that is needed for the future. The problem is we have a revolving door with all of this. In the Deputy of St. Peter's and her sub-panel's excellent, excellent report, in section 6(9) the Minister for Treasury and Resources admitted that the basis for all of this so-called money-go-round structure, was represented by the annual return to Treasury and that is where we are at the moment. That is where we were in 2007 and that is where we probably were, I do not know, how many years before. I accept the expert experience of the Minister for Social Security. I accept the views of the Deputy of St. Peter. I suppose I would say that the jury is open as to whether this will actually work, were it to be approved today. I heard a vast amount of detail this morning and over lunch and after lunch from Deputy Le Fondré on the analysis of financial figures and statistics and cash flow this and all sorts of things that I do not think of when I am reading a social housing provider restructuring. What I think about, first of all and above anything else, are the type of people that this Assembly houses through the Housing Department. That is the fundamental starting point for anyone in this Assembly. It is those that cannot afford to rent in the private sector, that cannot afford to rent anywhere else and in some of those cases the private sector landlords and the other trusts will not take these people. That is why the Housing Department is so important and that is why these people whose inability to pay rent, their inability to, in some ways, look after themselves financially has got to be protected, ring-fenced and underwritten for ever and a day, long after all of us are gone. How we get the rents right is important.

[16:45]

How we address and dress the balance sheet and the cash flow of the Housing Department, our new housing, is almost an element of financial modelling. We have got accountants in the Chamber.

We have got accountants outside the back of the Chamber. We have experts who have spent 2 or 3 years on this. The one elephant in the room that remains, from 2007, has got to be this £23 million a year. How we deal with it, I do not know. There are going to be more and more people who cannot afford to rent. The 90 per cent rent structure about to be imposed and evolved and gradually moved in is going to take time. It will affect those who are not on income support but it will also affect those on income support. We are being told that they will be ring-fenced and protected. I am going to listen to the rest of the debate. I want to keep it short because I will be speaking on the main debate when we get back to it again. But I want to say this, given my own experience of the Housing Department, they care, number one. Number 2, the accounting officer and the finance officer in the Housing Department care. They are highly competent and they have put so much honest emotional time into this as much as anyone else, and I think it is important that we realise that. I think there is one key paragraph in P.33 that I think sums up an awful lot about the 13,000 people that live in States housing. It is not just bedsits, bungalows, flats, houses on income support are paying full rent. If you read paragraph 3.78 on page 41 and the Housing Department house people, irrespective of 90 per cent rents, irrespective of 10 per cent rents, with bad credit, no credit, criminal records, complex psychiatric and psychological problems and all sorts of other issues. They also provide facility and buildings for any one of a number of charities and charities that use buildings to house people on a temporary or full-time basis, so that is so important. I think the other important thing in relation to all of this debate on rents today, and it was said again in the Scrutiny Report, is the fundamental importance of reinforcing the political responsibility of that Minister because it is on his desk the buck will stop with regard to rents and a rent structure. Having said all that, I have listened to Ministers, I have listened to Scrutiny Chairs, I have listened to Scrutiny members of sub-panels, I have listened to States Members and I have listened to the humour that was injected into the debate at lunchtime from Deputy Baudains. I have to say that this is an incredibly difficult thing because my heart tells me to break this £23 million a year payment. My heart tells me because once you untangle that payment the rest follows through. But having spoken to the officers at Housing, having spoken to Treasury myself when I was in Housing, it seems that we cannot break this financial umbilical cord. We have to decide today whether we do something with the Housing Department and let it go forward or whether we stay where are in some sort of stuck post-2007 situation. I am not stuck myself but I wish we were not here today, to be honest. I really wish we were not here, not in the physical sense of this Chamber but in the decision we have to make. This rent situation and this amendment that Deputy Vallois has brought up is one of the fundamental fulcrums as to how the future of this thing is structured. A lot of the other things play second fiddle to this. I do want to support the Minister for Housing and the Minister for Treasury and Resources. I want to support Scrutiny because I think they have done an excellent job. But I am being honest with the Chamber and this is the one thing that I have found really difficult. I will listen to Deputy Vallois summing up, more power to her elbow and we will see where we go.

#### **1.1.19 Deputy J.M. Le Bailly of St. Mary:**

I would like the Assembly to remember that the proposal for reform of social housing has taken years to get to this stage. The whole thing has been extensively researched and reviewed by expert advisers over that time period; people of high regard, Professor Whitehead in particular. I, therefore, do not consider Deputy Southern as an expert, regardless of his figures. Over the past 18 months the Scrutiny Panel have also filtered through the proposals and the panel had all the concerns that we are debating today. The results of our findings were carefully considered by Housing, many of the recommendations we incorporated in the main proposal recommended today. I am confident that the 90 per cent rental is the correct way forward for both the tenants and the taxpayer, based on sound advice. The tenants who would be paying the full 90 per cent without a rent subsidy or component will have the opportunity to exit social housing by being able to

purchase their own property under new affordable housing schemes that are currently envisaged. Providing this alternative housing in ample quantity will further free up social housing for those who need them most, it will also stabilise and prevent private rental increase. This flexible system will benefit everyone in the low-income groups who would not normally be able to ever achieve home ownership. As a member of that Scrutiny Panel I fully endorse the main proposal and would urge Members to reject Deputy Vallois' proposition.

**The Bailiff:**

Does any other Member wish to speak? I call upon Deputy Vallois to reply.

**1.1.20 Deputy T.A. Vallois:**

Where do I start? I think this has been a very, very good debate, despite whether people vote for or against this amendment. I would just like to say that it is very important, the 90 per cent of the rent policy. As Deputy Power said, the annual return to Treasury has always been the concern in the back of people's minds. It is only right that the 51 States Members, who are elected by the population of Jersey, debate that in this Assembly. We have had very interesting points of view, lots of numbers thrown about. I tried my best to stay away from the number-crunching, although being Chair of P.A.C. (Public Accounts Committee) you maybe thought I probably would have started with that. This is more about, what do we see social housing to be in the future? How do we see our housing made up in this Island in 30 years' time? For me, social housing is for those that are in need and those financial needs or vulnerability or pensioners, whatever box you want to put them in, social housing is there for the Government to provide that assistance and that support to the people that they are elected to represent. My concern with the 90 per cent of market rent is that we are now endorsing, if we reject this amendment and go ahead with the full proposition from the Council of Ministers, the removal of social housing from the Island of Jersey. What we are effectively saying is that we are moving on to an affordable housing policy that is not classed as social housing. The reason why I will explain this is I also have an adviser's report in my hand. It is amazing how every time we have had an adviser say this, we have had an adviser say that and absolutely, they know what they are talking about. They are in the field. They are experienced. You look at their reports, you take in the information. But as a States Member you assess that information, you assess the risk that you are willing to take and you look at the way that you want to drive this forward. I have looked at the risks. I have looked at many, many reports from advisers and research from all around the world. New South Wales of Australia, from Canada to Guernsey to the U.K. to Jersey, I have looked at all kinds of different rent policies and 90 per cent of market rents is the one that scares me the most. The one that we are going to risk for the people, not just on low incomes, but those that are just between, just trying to get their head above water, trying to get that job, trying to move the family forward, even possibly one day might be able to afford a house, possibly. We have hope. I will refer to this report, one of many reports I found, by L&Q and the Chartered Institute of Housing, which was on 12 September 2012. It refers to objectives of a rent system. They go on to say: "A housing sector round table for this project identified that the range of desired characteristics and practical outcomes for an efficient rents system include: simplicity; attractiveness for investors; transparency and comparability; competitiveness; consistency; equity or fairness; provides incentives for work; an element of choice in terms of price, location, characteristics of the property; create mixed communities; curtail expenditure on housing benefit." Then it goes on to say: "Key factors and interests in a debate on approaches to rent setting. L&Q's particular interest in exploring the future of rent setting was based on their concerns around rental affordability." Key word, affordability: "The most commonly used affordability measure is the rent to income ratio; rent should be no more than 25 per cent of gross or 35 per cent of net income. Residual income illustrates whether there is an adequate amount of income after housing costs. This is generally considered to be the minimum

standard of living.” It goes on and the report explains all the various areas. Another adviser has looked at various other issues in relation to rent setting. The U.K. are at the same issue of their rent-setting policy and they have come up with a pay-to-stay policy. If you earn so much money then you have to pay to stay in that property, otherwise you can move on and go somewhere else. They also have their social housing, which you have seen and I think it is approximately 40 per cent below market rent and affordable housing classed as 80 per cent below market rent. As you can see, I keep emphasising market. There have been many mentions of market. Deputy Maçon and various other Members in this Assembly have referred to market. The private market rental in Jersey, it does vary, is all over the place. But how do they assess market rent? Okay, a 2-bedroom flat, which is usually in most demand by Housing or a one-bedroom flat, say, in the centre of St. Helier or in St. Saviour somewhere, compared to maybe on the beach front down by St. Clement, is significantly different in terms of market rent. If it is then it will be different in a social housing market rent if we adopt the 90 per cent of market rent policy. I thank the Ministers for standing up and, yes, criticising this particular area and, of course, I was expecting this. I have been speaking to them and I am very grateful for all the help I have received over the last 18 months in discussing the various proposals being put forward, and also the H.S.S.H. Panel, firstly, for having me on there for the short period that I was there. Their report is an excellent piece of work. Whether you agree with them in reluctantly accepting the 90 per cent rent policy or not, that is what they have done.

[17:00]

They have done their report based on evidence but in here it is politics. In here it is whether you agree ... Senator Ozouf can cross his arms and look all upset at me as much as he likes. He has been in this Assembly longer than I have and he knows this is politics. We can number crunch and number crunch and number crunch all we like. The fundamentals that I am asking people to consider here: what is social housing? What is affordable housing? Where are the mechanisms that we are going to have to help people? Give them that hand up. Our social policy framework: where is that leading us to? I have real concerns how we are moving forward with this and, hence, the reason for my amendment. I am absolutely grateful for Members standing up and giving their view, whether it is in agreement with the 90 per cent of market rent policy because that shows how difficult this all is. The annual return to Treasury is, in my view, the elephant in the room and many others the elephant in the room. There is an argument that there has to be money paid back from fiscal stimulus monies. I understand that, I was on the review that looked into that, so I look forward to T.T.S. (Transport and Technical Services) paying theirs back. The same argument applies though, is that we pay money for structural repairs. Fiscal stimulus, we bring capital programmes forward we know that need to be done, and we are asking for the return to the centre of £26 million this year ... I am sorry, I am just making sure I have got the figures right in my head and only £13.7 million of that is the accommodation component that goes to social housing from income support. There is over £12 million in there that is not transparent, Minister for Treasury and Resources, £12 million. If we are talking about transparency then let us have it. Let us see the transparency. Let us see how that works. The £13 million that goes round in a circle, you can understand that because it covers the income support but the £12 million, that £12 million. Then we put the housing company out on to an apparent level playing field with the housing trusts. Housing trusts will only have to pay a minimal amount back, if they ever do, we will see but that is the point and that is the elephant in the room. If we, as States Members, are turning round and saying: “We want to support lower income people, we want to incentivise them into work” let us be transparent about how we are going to do that, and not hide it through the rentals of the housing company. I am sorry, but it is the elephant in the room. It will continue to be the elephant in the room. It will always be an issue until we grapple it around the neck. I have been told many times by the Minister for Treasury and Resources and other Ministers, not only to get real in particular with this ... hello, Minister for Housing, but we have to make difficult decisions and I am absolutely

100 per cent behind that. I know we do, so let us make them. They are difficult decisions but not at the detriment of the people of this Island. On that note I would ask Members to please support my amendment and I ask for the appel. **[Approbation]**

**The Bailiff:**

The appel is called for then in relation to the amendment lodged by Deputy Vallois. I invite Members to return to their seats and the Greffier will open the voting.

<b>POUR: 19</b>	<b>CONTRE: 23</b>	<b>ABSTAIN: 2</b>
Senator A. Breckon	Senator P.F.C. Ozouf	Deputy R.C. Duhamel (S)
Senator S.C. Ferguson	Senator B.I. Le Marquand	Deputy of St. Ouen
Connétable of St. John	Senator F.du H. Le Gresley	
Connétable of St. Martin	Senator L.J. Farnham	
Connétable of St. Saviour	Senator P.M. Bailhache	
Deputy R.G. Le Hérisssier (S)	Connétable of St. Helier	
Deputy J.A. Martin (H)	Connétable of Trinity	
Deputy G.P. Southern (H)	Connétable of St. Clement	
Deputy of Grouville	Connétable of St. Peter	
Deputy J.A.N. Le Fondré (L)	Connétable of St. Mary	
Deputy S. Pitman (H)	Connétable of St. Brelade	
Deputy M. Tadier (B)	Deputy J.A. Hilton (H)	
Deputy T.M. Pitman (H)	Deputy of Trinity	
Deputy T.A. Vallois (S)	Deputy S.S.P.A. Power (B)	
Deputy J.M. Maçon (S)	Deputy K.C. Lewis (S)	
Deputy G.C.L. Baudains (C)	Deputy E.J. Noel (L)	
Deputy J.H. Young (B)	Deputy A.K.F. Green (H)	
Deputy R.G. Bryans (H)	Deputy of St. John	
Deputy R.J. Rondel (H)	Deputy J.P.G. Baker (H)	
	Deputy S.J. Pinel (C)	
	Deputy of St. Mary	
	Deputy of St. Martin	
	Deputy of St. Peter	

**Deputy T.A. Vallois:**

Sir, can I just say thank you to those that supported me and thank you very much for all the comments in the debate.

**The Bailiff:**

That then brings us next to Deputy Southern’s amendment.

**Deputy G.P. Southern:**

Sir, if I may, having expended my speech and thrown my weight behind the previous amendments, when I throw my weight behind it, it is thrown for good. I seek to withdraw my amendment as a result of ... even though it is close I do not think I am going to persuade people to go for my alternative when we just failed to pause before finding an alternative.

**1.6 The Reform of Social Housing (P.33/2013): fifth amendment (P.33/2013 Amd.(5)) - Part 2**

**The Bailiff:**

Thank you very much, Deputy, so that is withdrawn. The next matter on the Order Paper is the amendment of Deputy Le Fondré, part 2 of the fifth amendment, which is related to the same topic. Deputy, do you wish to maintain yours or are you going to ...

**Deputy J.A.N. Le Fondré:**

I am maintaining it, Sir.

**The Bailiff:**

You are maintaining it.

**Deputy J.A.N. Le Fondré:**

Yes, Sir.

**The Bailiff:**

Very well, then I shall ask the Greffier to read the amendment.

**The Greffier of the States:**

Fifth amendment, part 2, page 2, paragraph (a)(iii) - for the words “a return to” substitute the words “setting a ceiling of” and after the words “3.12.9 of the attached Report” insert the words “except that section 3.12.9 shall be amended in the manner set out in Appendix 1 to the amendment of Deputy J.A.N. Le Fondré of St. Lawrence dated 30th April 2013.”

**1.6.1 Deputy J.A.N. Le Fondré:**

I was about to say whether it was an appropriate moment to see if we could get any small orders of business out of the way, given the time. I think people have probably had enough of housing and numbers and what have you at this stage but anyway. Right, if I can have 30 seconds to think the order of things.

**The Bailiff:**

Deputy, if I may, clearly you must make any points you wish to in support of it but I suspect Members will feel that much of what you said on the last amendment will be equally relevant [**Laughter**] for this, so I suspect we do not need to repeat it.

**Deputy J.A.N. Le Fondré:**

The Council for Ministers consider this amendment to be wicked, evil, destructive, meaning to cause harm or, indeed, dangerous. Those are all definitions of “pernicious”, which is the description applied to my amendment. I have to say that in 8 years as a States Member I do not think any of my propositions for amendments have ever been so described. In this Assembly we do use words to try and carefully support our argument and I suggest that the Minister or the Council of Ministers has not been as careful, as I would prefer, in the use of their words. Again, I would like to deal with the arguments not the wording. In essence, to be blunt, as a Council of Minister’s proposition I expect professionalism, I do not expect gross exaggeration of an amendment which, in my view, is designed to avoid harm and promote flexibility. That is the key thing about where I am going; it is to allow the trustees to use their professional skills. It is a particularly unhelpful comment when the amendment I have brought is based on the recognised standards set by the regulator for all housing associations in England, ranging in size from fewer than 10 to more than 50,000 homes. They house well over 5 million people in over 2.5 million homes. One rather assumes that the approach they adopt is a reasonable one, not something that is pernicious. What am I proposing? Despite the very long wording of my amendment, because that is unfortunately the way it appeared to me to try and get the principles through, is very simple, instead of forcing social housing providers to set their rents to 90 per cent, in whichever way it is based through, it is

to set the 90 per cent as a ceiling rather than a target to allow the trustees of the various trusts, in this instance, to exercise their own professional judgment in setting their rents up to a maximum. That is it, nice and simple. In comments to amendment 3, the Council of Ministers specifically state that individual housing trusts each do a crucial, but very different job within the housing sector. So why can we not grant them the flexibility within the policies being proposed? There have been comments made, which have been addressed by correspondence received, that one housing trust does not meet the Decent Homes Standard and states it cannot be confident at present that this housing trust has made adequate provision for the future to maintain homes to this standard, which must be of serious concern to the states and the trust tenants. Later they say: "If this amendment is accepted it would send the wrong message and we suggest it is acceptable for tenants to suffer homes that do not meet Decent Homes Standards." In essence, they are saying that the trustees do not wish to look after the interests of their tenants and, I believe, from other comments that have been made, I am one of the so-called pernicious trustees. I would like to read a couple of quotes, bearing in mind the Council of Ministers' comments about tenants, I would like to read some comments from those tenants in relation to the White Paper: "I do not wish to join or be part of the States Jersey White Paper proposals. I am and have always been happy with the services supplied by that trust and hopefully remain so. Having been saved by Les Vaux Housing Trust from eviction many years ago, I cannot understand why the trust wish to amalgamate with the Housing Department, that was their view. The reasons why the trusts were formed, and in particular Les Vaux, was through the failure of the previous Housing Committee to find a solution for the 96 families that were being evicted. Must these tenants once again be disrupted by a committee that refused help before?" It would seem that the tenants' support of the trust support what it does. I think one has to be very careful when we talk about the Decent Homes Standard and hold it out as the panacea for everything because the Decent Homes Standard is you do not have to meet all the criteria of that standard to comply with the standard. That is the distinction. In the past it is has been put on record that, yes, in certain areas there is, we believe, one criteria that is not met, but that is not the majority. Therefore, that trust does comply with the standard in the opinion at this stage and to suggest otherwise without evidence in a public document, which can then be tied to identifying properties and trusts, I did not think was professional. The other comment I will make, which is again about the comments from the Council of Ministers, and I think it is relevant to use the trust I am a member of again because of the history I gave before, Members, remember it goes back to 1989. That trust is much further advanced in its payment cycle than the other trusts. In its initial modelling for the redevelopment of one of the elderly estates, it presently does not believe it requires the obligation, i.e. to be forced, to increase its rents to 90 per cent of what Scrutiny have said is an over-inflated market when the development will not attract speculative development profits as part of the cost, and the trust already owns the land and will have free cash from other estates which have been repaid to supplement the funding if necessary. That is the view at this stage. Again, what does annoy me; it seems that the argument has slipped into a sort of denigration of the motivation of the reputation of trustees rather than focusing on whether my proposal is out of kilter with what appears to be best practice. In my opinion, it is not. I am not arguing against the Decent Homes Standard, by the way, what I am saying is the statement from the Council of Ministers, and it is the Council of Ministers who put their name to it, is a false argument. Why insist on putting rents up to 90 per cent of market if a trust does not feel it needs it in order to meet its obligations. Remember that this is about forcing tenants to pay more rent so let us try not to second guess the professionals and, much more importantly, let us not create a situation where landlords are forced to charge rents which are higher than needed, potentially putting up the cost benefits. I would like to quote from the submission of CTJ Housing Trust, the second one: "Social housing rent policy should set a maximum fair rent for social landlords not to exceed, not impose a policy that enforces landlords [I think they mean 'forces'] to increase their rents." I do not know if their views have changed but I did discuss this briefly with one of their

members who reconfirmed that view with me the other night that that is their document; that is their submission publicly last year. In my view, this amendment is designed to avoid harm to tenants, promote flexibility and allow trustees to use their professional skills and is based on the recognised standards set by the regulator for all housing associations in England, as I said, and that is the Homes and Communities Agency. To quote from it: “The guideline limit is a ceiling not a target. It is open to providers to increase rents by a lower figure where circumstances justify doing so.” Sorry, I am just trying to find the standard. Just so I am not making it up, this is where it is coming from and that is straight off the regulator’s website: “The formula for setting social rents should enable P.R.P.s (private registered providers) to set rents at a level that allows them to meet their obligations to their tenants, maintain the stock to at least Decent Homes Standard and continue to function as financially viable organisations, including meeting their commitments to lenders.

[17:15]

However, P.R.P.s [which is private registered providers, which is the new definition of the housing association] are not required to increase rents to target levels, if they are able without that increase to meet the regulator’s standards, including the viability standard, and to maintain their properties to the Decent Homes Standard. Compliance is, therefore, taken as having rent no higher than the appropriate flexibility to target rent levels.” Why should we not want to follow that very sound guidance here when we are embarking on this very significant project? It is a reasonable, prudent and important change and on that basis, I am sure Members will be delighted, I make the amendment.

#### **The Bailiff:**

Is the amendment seconded? **[Seconded]** Deputy Green.

#### **1.6.2 Deputy A.K.F. Green:**

Again, I am opposing this amendment. But before starting I would just like to correct one thing; I did not have any intention of demonising the trustees of the housing trusts, in fact, I have an extremely good working relationship and I thank them for the work that they do. I meet regularly with the chair of the trusts and, as I say, we have a good working relationship. The second part of this amendment refers to, as Deputy Le Fondré said, the requirement for social housing providers to charge fair rent levels but changing that with the fair rent level ceiling. This might appear seductive and attractive to some Members who might want to offer flexibility in how housing requirements are introduced. In practice, financial modelling undertaken by my department indicates clearly that without all social housing providers charging the fair rent at 90 per cent, they will not be able to deliver against their obligations under the reform of social housing, in fact, it is quite possible that the trusts will, if they are allowed to adopt this route, find themselves where the Housing Department finds itself today, without sufficient funds. I believe that it will be particularly difficult for trusts to achieve the Decent Homes Standard without the right income. Housing trusts need, and have yet to undertake, independent condition surveys to demonstrate their level of compliance with Decent Homes Standards. I have asked them time and time again to do that but they have yet to do it. While Deputy Le Fondré gave us an example of a tenant that is content, and I am sure that the trusts have many, if not most, tenants that are content. In one particular property that his trust owns, I have 12 applicants on the gateway that are there because they are inadequately housed, in terms of the condition. One of them was allocated, I am pleased to say, a home this week. The whole idea of undertaking condition surveys is to work out the level of compliance and then produce long-term business plans, that demonstrate how they will maintain the standard across all their stock in the long term, including some of the large-scale requirement refurbishments that will be required. These business plans must also demonstrate how the trusts will pay off the loans that they have taken out to develop housing, and reduce the level of interest rate exposure to the

States through means of underwriting interest above certain thresholds. Finally, trusts must ensure that they meet their obligations to support a proportion of income support in the way that the Department of Housing does through the annual return. Once all this has been done, housing trusts will be truly operating on a sustainable basis. But to do so on a sustainable basis, the work that we have done, the modelling we have done, my department suggests that a 90 per cent rent policy is needed, not 80, not 82, 90. I have made it clear in my comments on the amendment to accept 90 per cent as a ceiling would send the message to social housing providers and the States that they are not serious in giving tenants decent homes and that the current situation as it stands is acceptable. In my view, it is not acceptable, and while there are still tenants living in sub-standard accommodation and while I am Minister for Housing I will urge this House for proper financial measures to be put in place to see that this is ended for good. Remember, we are a very small community, a ceiling rather than a consistent fair rent level would present a very confused position for tenants. How can they be sure that they are going to receive a decent home in the long term, if their provider cannot or will not raise rents to ensure that is the case? Maybe those tenants who can afford to contribute at fair rent level will end up being housed by a provider who will charge less, retaining that hidden untested rent subsidy that the proposals in P.33 are intended to aid because it is those who can afford to contribute to fair rent that will be the only beneficiaries of this proposal. Those on income support will still be fully supported but those that could afford to pay the full rent will be subsidised while my own tenants will be paying the proper rent. This amendment is a recipe for the continuation of the same substandard provision that currently exists. I do not accept this. I do not think it is acceptable for tenants ... sorry, I am getting tired, it has been a long day, I do not think it is acceptable for tenants or the public of Jersey to say that the current arrangements can continue and, accordingly, I urge the States to reject this amendment.

### **1.6.3 Deputy G.P. Southern:**

I understood the Minister to say that his office had been working on modelling for the trusts and their conclusion is that he cannot possibly do what is required in less than 90 per cent. If that is the case, then the trusts will come to that same conclusion, surely. If not then there will be a regulator in place to say: "This particular block is not at the proper housing standard, please get on with it" and they will go back to their desks and do their calculations and say: "Oh, we need to raise the rents." There must be some trust in the Minister for Housing, surely, in the trusts. It is almost, by self-definition: "These people are not serious about housing people properly." Of course they are, and some of them have been committed to that serious end for some substantial decades. The possibility that they will let down their tenants is something that the Minister, I believe, is trying to control when he can control it through a regulator and obviously the financial situation of the trust will be achieved by that trust and the members of that trust, and we must have some trust in them. I believe while the Minister said he did not want to use words like "pernicious" to attack the integrity of the trusts, he, nonetheless, managed to do so in his speech.

### **1.6.4 The Deputy of St. Ouen:**

Perhaps continuing in the same similar vein to Deputy Southern, I am extremely disappointed at the Minister for Housing's comments regarding a particular trust and suggesting that they do not meet a particular Decent Homes Standard. I think we all accept that the biggest problem that we have is our own Housing Department, current, and does not meet the Decent Homes Standards. Indeed, we are all aware, and the Scrutiny Panel certainly is, of the challenges a particular trust faces in a particular property that is reaching the end of its life and needs to be replaced. However, in defence of both that trust and the others, we have got a housing trust that has been sitting, waiting and wanting land to develop so they can provide more social housing, and we have done nothing. We have Jersey College for Girls sitting there and what is happening now? We are trying to maximise the value out of it when we know that a demand exists for social housing. We have other sites that

we could be releasing, we could be helping with and they are not coming forward. Please, Minister, we are supposed to be working with the trusts in providing accommodation not attacking a particular trust because it shoots a particular argument. Furthermore, I would just like to reinforce or underline, perhaps, a few of the words that the Minister said. The Minister said that this has got to happen. Why? Because we want the trusts to support income support costs when we already know that there is a surplus over and above that which is required, to provide for the accommodation component of income support, being returned to Treasury now. The Minister is trying to suggest that in that way everything will be all right. It is not because that is the situation we are in now with our department and the housing trusts are kept currently out of it and that is why they have money, that is why they can invest, that is why they can repay all the loans and deliver homes. So, Minister, be careful what you wish for because I can see that all we are doing is taking the good things that we have created within the housing trusts and the abilities that they have and dragging them down to our level where we should be bringing ourselves up to theirs.

**Senator L.J. Farnham:**

I wonder, as it is approaching 5.30 p.m. we might ask the President of P.P.C. to make a comment on whether we should aim to finish the debate today, potentially, on the grounds that ...

**The Bailiff:**

There is still a way to go.

**Senator P.F.C. Ozouf:**

I was going to suggest that we might finish this amendment this evening, as a start.

**The Bailiff:**

At the moment I have the Connétable of St. Clement and I know I have seen Deputy Tadier.

**Deputy M. Tadier:**

I was just going to say while he was standing up he could suggest the adjournment.

**Senator P.F.C. Ozouf:**

Might I suggest ...

**The Bailiff:**

It is not yet 5.30 p.m. and I have seen the Connétable of St. Clement ...

**1.6.5 Connétable L. Norman of St. Clement:**

I mean, despite the verbosity of the proposer of this amendment today and, in fact, I forget who it was suggested to me that the Deputy might be in line for this year's Wimberley award [Laughter] he is right and this amendment, this particular amendment should be supported. I think it is worth reminding ourselves why it was that housing associations and trusts were encouraged some 30 years ago or so, and still are encouraged today, although perhaps not as much as they should be. It was not just to provide another social provider to mirror what the Housing Department does, but rather to provide more choice in the social housing market for tenant and potential tenants; to provide a social landlord for those who might not meet the strict criteria of the Housing Department put for social housing. They are there, effectively, to provide social housing for people in need but with a much greater flexibility than a States department, with their inflexible rules, can provide and, for goodness sake, they have been tremendously successful in doing that. I was disappointed with the negative comments of the Minister for Housing about some trusts. I have not been to every trust property so there may be one or 2 or a few that are not perfect. I have been to many Housing Department properties and I can tell you there are a heck of a lot of those that are not perfect, and

some of those in the middle of Le Squez, which should have been demolished years ago as the tenants moved out because they were unfit for habitation, and now people have moved back in again. I mean, this is not the way to run a social housing programme. I do know the difficulties the Minister has, the department has, and by adopting the strategy today we are going to start putting that right. But I think to try and damage, which is effectively what will happen, the housing associations and trusts, that will not be particularly helpful because if a trust of association can be more efficient than the department and charge rents lower than the 90 per cent of the market rate, then surely that is the sort of thing we should be encouraging, to keep rents lower than otherwise they might be. To force housing associations to charge more than they need to meet their commitments is effectively a stealth tax on their tenants. Quite honestly, this is one of the few amendments which I will support wholeheartedly.

[17:30]

**The Bailiff:**

Very well, it is now 5.30 p.m. and so a decision needs to be taken as to whether to adjourn or whether to hear the end of this particular amendment.

**Senator P.F.C. Ozouf:**

Could I just test the mood of the Assembly just to finish this amendment or not because we still have some way to go, as you indicated, Sir.

**The Bailiff:**

What I suggest then, the adjournment has been proposed so if you wish to adjourn you vote pour and if you wish to continue to the end of this amendment before reconsidering, you vote contre.

**Deputy J.A.N. Le Fondré:**

Sorry, could I possibly ask if you have any indication how many people would like to speak? That may affect people here ...

**The Bailiff:**

At the moment I just have Deputy Power and now the Connétable of St. Peter, so that is 2. Any others indicating they wish to speak? Senator Ozouf and Deputy Baudains. It looks as if it is certainly 4. Very well, so we ask the appel whether it is simply yes. If you want to adjourn now you vote pour, if you want to complete the end of this amendment you vote contre. The Greffier will open the voting.

<b>POUR: 29</b>		<b>CONTRE: 14</b>		<b>ABSTAIN: 0</b>
Senator A. Breckon		Senator P.F.C. Ozouf		
Senator S.C. Ferguson		Senator B.I. Le Marquand		
Senator F. du H. Le Gresley		Senator P.M. Bailhache		
Senator L.J. Farnham		Connétable of St. Clement		
Connétable of St. Helier		Connétable of St. Peter		
Connétable of Trinity		Deputy J.A. Martin (H)		
Connétable of St. Mary		Deputy of Grouville		
Connétable of St. John		Deputy J.A.N. Le Fondré (L)		
Connétable of St. Brelade		Deputy of Trinity		
Connétable of St. Martin		Deputy E.J. Noel (L)		
Connétable of St. Saviour		Deputy T.A. Vallois (S)		
Deputy R.C. Duhamel (S)		Deputy A.K.F. Green (H)		
Deputy R.G. Le Hérisier (S)		Deputy J.M. Maçon (S)		
Deputy G.P. Southern (H)		Deputy R.J. Rondel (H)		
Deputy of St. Ouen				

Deputy J.A. Hilton (H)				
Deputy S.S.P.A. Power (B)				
Deputy S. Pitman (H)				
Deputy K.C. Lewis (S)				
Deputy M. Tadier (B)				
Deputy T.M. Pitman (H)				
Deputy G.C.L. Baudains (C)				
Deputy of St. John				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				

**ADJOURNMENT**

[17:31]