

**WRITTEN QUESTION TO MINISTER FOR HOUSING BY
DEPUTY G.P. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY 1st JULY 2008

Question

Following his answer given during questions without notice on 29th April 2008 –

- (a) Would the Minister inform Members what difference the transfer of the rent abatement scheme from the Housing Department to Income Support through Social Security has made to his Department's revenue stream?

Answer

The transfer from Rent Abatement to Income Support has not made a significant difference to the Department's revenue stream in so much as the Department continues to charge rent at the same level as when the abatement scheme closed.

The key difference in the two schemes is the capacity for Income Support to pay the full cost of the tenant's rent including utility charges whereas under the abatement scheme tenants even those on maximum abatement always paid a minimum sum plus their utility charges. The advantage to the tenant with Income Support is that benefit level permitting the full cost of their home is paid for them direct. Where any arrears exist, it enables the tenant to focus on reducing the amount they owe to the States, without the added pressure of weekly rental charges. Fundamentally, the process supports those in greatest need.

Question

- (b) Could he further inform Members what conversation, if any, has taken place between the Housing Department and the Social Security Department over the discretion to pay rent directly to the Housing Department or through the tenants?

Answer

The Housing and Social Security Departments worked closely together in the run up to the implementation of the Income Support scheme to ensure that there was minimal impact or inconvenience to the Housing Department's tenants at the point of transition. Under the abatement scheme the rent subsidy was credited directly to the tenants' account. No payments were made by the Department to the tenant. That principle was carried forward to Income Support. In addition, significant thought was given to making the interface between the two Departments as efficient and robust as possible.

The following advantages are achieved by making payment direct:

1. Payment is made direct to the tenant's account providing them with significant assistance in managing their accounts; particularly where they are having all of their rent paid by Income Support.
2. Funds are transferred between the Departments by electronic interface and the rent is paid in to the tenant's account when due. This saves time and manpower resources in pursuing late payments from tenants who may not have had time to collect their money from their bank to make their rent payment to the Department.
3. The transfer of funds in this way gives the taxpayer certainty that benefit claimed under the scheme is directed to its intended purpose. If this was not to happen the risk exists that the payment would not reach the Department. This would conflict with the effective governance of funds for the States as a whole.

4. This electronic process, carried out internally saves expenditure in transaction fees at organisations such as the Post Office in taking rent payments over the counter from tenants. It was estimated that by making payments directly to tenants, the States of Jersey could potentially have been exposed to increased transaction charges in excess of £100,000.per annum.
5. Article 38 (2b) of the Public Finances (Jersey) Law 2005 requires that the Accounting Officer of a Department ensures that all money owed to the Department is promptly collected. Article 38 (2e) of that Law also requires that the Department is administered in a prudent and economical manner. The current mechanism supports these statutory obligations.
6. Where a claimant can demonstrate that there is a clear need for the rental component of their Income Support benefit to be paid to them and not to the Department then the Social Security Department can elect to permit exceptions to the protocol.
7. Anecdotal evidence suggests that the direct payment system has been welcomed by tenants and according to the Social Security Department there have been no more than half a dozen requests to opt out.

The overall objective was to deliver an efficient effective system which provides value for money and benefits the customer. We believe that working closely together in this way the two Departments have achieved this.

Question

- (c) Will the Minister undertake, as a matter of urgency, to ensure that the Housing Department's website is updated, as the 'Publications' section still contains a guide to the Rent Rebate/Abatement scheme dated 2005, which was scrapped in January 2008?

Answer

All sections of the Housing Department's website, including 'publications', have been checked and where necessary updated.