

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 6th NOVEMBER 2012**

Question

What consideration, if any, has been given to by the Minister, along with Ministers for Social Security and Housing, as requested by recommendations 11, 13, 14, 16 and 17 of SR.3/2011, "Review of Benefit Levels", concerning the interaction between high rental costs, the level of the minimum wage, income tax thresholds and Income support rates, and when will the Minister present the results of his investigations to members?

In particular, will the Minister do so before members are asked to debate the Housing Transformation plan?

Answer

This answer has been co-ordinated with the Ministers for Social Security and Housing.

The Scrutiny report "Review of benefit levels" was published by the Health, Social Security and Housing Scrutiny Panel on 28th March 2011. Ministerial responses by the Minister for Social Security and the Minister for Housing were published on 13th May 2011, and provide detailed responses to the recommendations listed in the question. The Minister for Treasury and Resources wrote to the Chairman of the Health, Social Security and Housing Scrutiny Panel on 11th April 2011 and 23rd May 2011. These letters are attached.

In respect of the report's recommendations that were directly related to the Housing Transformation Programme (HTP), the following actions have already been taken:

Recommendation 11 -The Minister for Social Security must work with the Ministers for Treasury and Resources and Housing to ensure that the mechanism for financing social housing is separate from the provision of means tested income support benefits.

As set out in "Achieving decent homes -- an affordable housing framework for the future -- White Paper April 2012" (R.47/2012), one of the main aims of the HTP is to remove the "hidden subsidies" within the existing rents system and to change the manner in which rents are accounted for to increase transparency.

It is proposed that rentals for social housing properties will be returned to 90% of the market value and the full cost of providing social housing will be included within the cost of income support. This will provide the separation proposed in the recommendation.

Recommendation 13: Pending a long-term solution to the funding of social housing, the Minister for Social Security must resist any pressure to cap the rising cost of the accommodation component of Income Support.

Despite significant pressures on the Income Support budget, accommodation components have been increased in both 2011 and 2012. In October 2011 all the accommodation components of

income support were increased by 2.5% (P.107/2011) and in October 2012 components were increased by a further 3.5% (P.56/2012).

The HTP includes plans to fully cover the additional costs of Income Support that will be created when social sector rentals return to the 90% level.

Recommendations 14, 16 and 17 are not directly related to housing matters.

Given other pressures on departmental resources, the Ministers for Social Security and Treasury and Resources has no current plans to release any additional reports on these matters.



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