

### **3.3. Deputy J.A.N. Le Fondré of St. Lawrence of the Minister for Housing regarding the overall net financial impact to the States of the Housing Transformation Programme:**

#### **Deputy J.A.N. Le Fondré:**

Would the Minister confirm the overall net financial impact to the States of the Housing Transformation Programme as per P.33/2013 for 2015 including any increased cost in social security, including the impact upon the private sector laid out in R.44/2013, and after taking account of any returns to Treasury from the new company and any other financial matters arising as a result of P.33?

#### **Deputy A.K.F. Green (The Minister for Housing):**

You can imagine this will not be a short answer. In answering the Deputy's question, all amounts provided for are in real terms. The net impact on the States finances in 2015 is modelled to be £1.7 million. This is made up of £0.7 million for additional income support costs payable towards the States social security housing rentals and £1 million which has been allocated in the Medium-Term Financial Plan for the additional income support costs relating to the private sector rentals. The Housing Transformation Programme has no impact on the return to Treasury as the amounts returned will be in line with the commitment set out in the Medium-Term Financial Plan. There will be further amendments to States finances relating to regulation, additional income support for social security housing trust rentals and loan interest, all of which will have a nil impact on States finances. With the exception of income support costs the proposed housing company and the social housing trust will be financially self-sufficient and the housing company will provide the Treasury with a sustainable return.

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

I do appreciate the answer because it is simpler ... well it could have been even more simple. I have one question in relation to the response that he has given in terms of accuracy. The only thing is that I believe he said that the return from the company is as laid out in the M.T.F.P. (Medium-Term Financial Plan) and in the M.T.F.P. the indicative return from the company on page 296 is £36,292,000. In, I believe, the figures provided by his department in the last 3 weeks that return is now £30 million, that is £6 million less. I was expecting the Minister to say that as a result of the changes in policy that the thing was broadly neutral but what he has just said is that the cost is net £1.7 million but that is including a return of £36 million whereas his Housing Department is saying it is £30 million; that is a £6 million difference to the figures he has just given. Not actually a supplementary but I would like clarification on the previous answer.

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

As you understand, this is a complex issue and that level of detail I will have to come back to the House with that information. What I do know though is that the Medium-Term Financial Plan has not changed. What we agreed remains but if we are going to need to go into that sort of detail, I am sorry, I am not a calculator. I cannot carry that sort of information, I will have to come back to the Assembly when I have checked it.

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

If I could also ask the Minister: the Scrutiny Report has also identified I think its £269,000 of extra possible income support of course that they did not consider were included in the projections and should have been. If he can perhaps consider that at the same time.

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

Certainly.

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

Is the Minister content that his table on page 45 of P.33 shows the impact of inflation on his rental income rising in 30 years to £3 billion and yet when he talks about the additional cost to income support he has a figure which he refers to as “real terms” which does not contain inflation at all, and therefore looks tiny by comparison to £3 billion? Is he content that this is an accurate way and a good way to present information?

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

Before I look at that, can I just ask the Deputy to confirm the page in P.33 that that table is on?

**Deputy G.P. Southern:**

The inflated figures of up to £3 billion is on page 45 of my copy and the one revealing the contribution of income support, the additional bill for income support is on page 52.

[10:00]

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

It is probably a problem with my ageing. I thought the Deputy had said page 35, and I was at a loss. A lot of work has gone into working out these figures and a lot of better brains than me in terms of finance have gone through them and I am absolutely confident that these figures are correct. They have been checked time and time again, the Scrutiny Panel has had their own housing expert look at it. They have confirmed that the work is robust and reliable and so has Professor Christine Whitehead. I am confident that the information I have given is correct, accurate and fair.

**3.3.4 Deputy G.P. Southern:**

I do not question the accuracy of the figures, inflated or non-inflated. What I suggest is that comparing inflated figures to produce £3 billion with non-inflated figures which show a small extra contribution from income support is like comparing apples with pears. Does he agree?

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

No, I do not. I am trying to give people a picture for the future as well as where we are now.

**3.3.5 Deputy T.A. Vallois of St. Saviour:**

Could the Minister confirm that the M.T.F.P. was prepared on the basis that housing incorporation was not to proceed in 2014? However in the M.T.F.P. Appendix 6 sets out the financial implication if the incorporation goes ahead.

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

No, I cannot confirm that the M.T.F.P. was worked out on the basis that the Housing Transformation Programme did not go ahead. Quite the contrary, as I understand it.

**3.3.6 Deputy T.A. Vallois:**

A supplementary. It was in answers from the Treasury and Resources Department in relation to the M.T.F.P. on the M.T.F.P. debate. We have a series of questions and answers given to us by the Treasury and Resources Department and it states on the answers to those questions that the M.T.F.P. was prepared on the basis that housing incorporation does not proceed in 2014. So could the Minister please confirm that that is the case?

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

It is not my understanding but I will go back and check that.

**3.3.7 Senator S.C. Ferguson:**

With £6 million here or there or somewhere, and inflation here and not here, does the Minister not agree that we should not be debating this proposal today, and it should be taken back and corrected? [Approbation]

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

No, I do not. What I have given Members is a view of what is going to happen in the future. This is a big decision. It is a decision that some people do not want to make. We are very good at putting off decisions. If you do not agree with what I am doing speak against it, vote against it. Do not try and put off the day. We have got tenants out there in homes that do not meet the decent home standards. We have got homeless people out there. I have got a plan to do something about it, and at least give me the grace to present it. [Approbation]

**3.3.8 Deputy J.A.N. Le Fondré:**

I thank the Minister for at least clarifying that at least this is going to cost us £1.7 million a year. What I would like to ask is: is the Minister concerned about the increase in the Social Security bill as a result of these proposals and what will happen if it is higher than it is anticipated? How is that to be funded?

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

Let us be under no illusion. Yes, the Social Security bill will be increased and we have allowed for that. But let us be under no illusion. This cost exists now, and this cost exists at the expense of our tenants not getting their house properly maintained, and all we are doing is putting it transparently where it should be. I am quite happy with that arrangement.