

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 14th MAY 2013**

Question

Will the Minister examine the figures given in P.33/2012 (Amd 2) (The Reform of Social Housing), guarantee the protection of tenants through Income Support (IS) from the effects of the projected Housing Transformation Programme rent rises in the years to 2023, and inform members what the full impact of that protection will be on the sum required for the rental component of IS will be?

Will he further guarantee this protection beyond 2023 over the full 30-year term of the plan and state what the final sum for the rental component will be?

Answer

A fundamental principle contained within P.33/2013 is that the States of Jersey is responsible for additional Income Support costs as a result of the proposed rent policy. This is reinforced throughout the Projet, for example, section 5.5 (Page 51) of P.33/2013, Income Support Implications.

With regard to P.33/2013 (Amd (2)), the impact of RPI and uprating on figures quoted in Section 5.5 of P.33/2013 is understood. The Financial Model produced by Housing has significantly more detail than could be meaningfully incorporated into the Projet. The Minister for Housing's view (answer to Written Question 7564 from the Deputy) that the "real terms" basis is the most appropriate and meaningful way of presenting these particular figures in the Projet, is supported.

The Deputy in P.33/2013 (Amd (2)) incorporates into his figures in Table E the impact of additional Income Support arising from Re-lets, New builds and Uplift on refurbishments. New builds will not result in significant additional costs. It is estimated that the majority of these will be tenanted by persons moving from private rented accommodation who will already be in receipt of Income Support. It is estimated this will be a transfer of cost not an additional cost. On the issue of Re-lets and Uplift on refurbishment, it is existing practice that Housing already review and uplift rents to the current Fair Rent ceiling in these instances. The impact of the rent proposals in P.33/2013 will be to increase the Income Support costs from the existing Fair Rent ceiling to the 90% of market rent level.

In summary, the additional estimated Income Support Costs, in real terms, in 2023 will be £3.8 million. Of this £2.2 million relates to the estimated costs of the existing policy on re-lets and refurbishment and £1.6 million as a result of the introduction of a rental policy to 90% of equivalent market rental increases.

Protection beyond 2023 is an issue on which only the States can decide. If P.33/2013 is approved then the protection will be put in place and will remain in place until such time as the States decide differently.

The year 30 additional estimated additional Income Support costs, arising directly from the change in policy to 90% of equivalent market rental, amounts to £2million. In addition, the existing policy applied to the programme of refurbishment and re-lets will add a further £3.4 million per annum at 2012 prices (i.e. excluding the costs of annual uprates at inflation +0.75%).