

2019.11.25

**4 Deputy K.F. Morel of the Minister for Treasury and Resources regarding the heating bills issued by Andium Homes to its tenants: (OQ.287/2019)**

Will the Minister, as shareholder representative, advise whether Andium Homes has removed its tenants' heating costs from their monthly rental charge, so the tenant now has to pay their heating bill separately; and, if so, will she explain why?

**Deputy S.J. Pinel of St. Clement (The Minister for Treasury and Resources):**

The Assistant Minister will answer the question.

**Deputy L.B.E. Ash of St. Clement (Assistant Minister for Treasury and Resources - *rapporteur*):**

Andium Homes has been running a programme of replacement of old J.E.C (Jersey Electric Company) winter warmth tariff heating systems. This has been in progress since 2012, starting with the La Collette high-rise refurbishment. It is basically the J.E.C. are no longer able to source vital parts to support the old winter warmth heating systems and so the J.E.C. have declared them obsolete. For this reason, the J.E.C. can no longer support the historic winter warmth heating tariff which Andium Homes clients paid for within their rent. Additionally, the heating systems within some homes require significant upgrade as part of Andium Homes' commitment to achieve the U.K. decent homes standard across all of its homes. The modernisation will improve thermal comfort for its many clients and it offers a greater degree of choice and control. Previously, the winter warmth heating systems operated only between October and May of each year and people had no control over those. Following the installation of the new heating system, the weekly heating element has been removed from the total rental charge and clients were, therefore, informed that it was important that they budget for their heating by saving this weekly rental reduction and apply that saving to their quarterly electricity bill, as is the case for all other J.E.C. customers. It is also the case that clients, who receive an income support payment towards their heating costs, will still receive that payment directly from Social Security. Andium Homes, together with the J.E.C., have assessed the number of homes converted from winter warmth to the new controllable heating systems and found that, on average, running costs are broadly similar. The J.E.C. also have a dedicated team that have been able to help and advise clients on the most efficient use of their new heating system and on how to budget during this essential changeover.

**3.4.1 Deputy K.F. Morel:**

I notice choice, flexibility and control are given as the benefits, but often these just mean price rises, and, indeed, I am aware of one vulnerable tenant, who has been advised to put aside £100 a month by Andium Homes - they have advised the tenant to put aside £100 a month - for their heating costs, while their rent bill is being reduced by just 5 per cent, leaving the tenant with a net loss of over £700 *per annum*. Does the Minister believe it is appropriate for Andium to make its tenants hundreds of pounds a year poorer?

**Deputy L.B.E. Ash:**

I can only say that, in our experience so far - and I would have to discuss this with the Minister for Children and Housing as well - that has not been the overall case at all and, as I say, the J.E.C. have made it a point that anybody who has asked, they will show how to run these in the most economic way possible. What we do have, of course, is an interesting situation where, in the past, in some places, the only way to regulate your heating was to open the window, because you could not turn it

on, or off, because it was just on throughout those winter months. So, what we will have now are people who are responsible for their own heating and electricity. If they ran the heating all year round, yes, it will cost them more, but equally, if people are careful as to how they use it it may well cost them less. As I say, all the research so far shows that there is very little difference for the vast majority of tenants.

### **3.4.2 Deputy M. Tadier:**

The Assistant Minister talks about learning how to budget, but will Andium be providing information about the energy efficiency ratings of their homes, so that tenants and prospective new tenants, while moving between properties, or moving into an Andium property for the first time, know exactly what the property is likely to use, because it has an energy efficiency rating?

### **Deputy L.B.E. Ash:**

That is an interesting question. It is not one that I have a definite answer to, but one thing I would say - and I think the Minister for Children and Housing would agree with me - on any of the situations when people move into a new Andium property, Andium are very good at bedding them in, showing what you should and should not do and generally they look after their clients very well and they have a 24-hour call-out service for any problems that may occur.

### **3.4.3 Deputy M. Tadier:**

Is it not the case that many tenants, moving out of an old property into a new one, are going to be moving from an old rent tariff into a new one? We have seen cases of people moving from a 3 to 2-bedroom, or a 2 to a one-bedroom where their rent goes up. On top of this, they are going to be hit with an additional heating bill, which they did not have to pay before. Is this a symptom of the fact that Andium, in terms of their policy application, have lost their way and that - not just the heating issue, but certainly the heating issue is the subject of this question - needs to be regarded urgently, along with a review of general costs to those people?

### **Deputy L.B.E. Ash:**

As I said, the general research that Andium have done shows that the bills have not gone up, so I think, on that, they have covered that. I think it is a rarity in the cases where it has done. As far as people moving into new accommodation with rent. Again, it is possible sometimes that it will go up, because you are in a newer property, but if you cannot afford it, you will still be covered under the benefit scheme, so I do not think it will hit very many people. But, again, it is something the Minister for Children and Housing and I are looking at, as to whether, in order to try to encourage - and we have moved off the subject a little bit - people to downsize, it is applicable that if someone is encouraged to move, they then end up paying more rent. It is something that we will be looking at.

### **3.4.4 Deputy K.G. Pamplin:**

Just seeking some further clarity to the original question: can the Assistant Minister provide us either today, or in a follow up email, how many households this affects and how many of those households has Andium Homes approached, spoken to and taken through that process and how many are there left for them to help through? Just for clarity, thank you.

### **Deputy L.B.E. Ash:**

I do not have all those facts at hand now. Obviously, it did originally affect nearly all Andium's properties, because they were moving from what was an obsolete heating system that really was not very good, particularly when we are looking at fuel economies and all the green policies we have

got, it really was obsolete. That has been removed. I do not know how many people they saw in the process. All I do know is the J.E.C. were perfectly willing, they had a team absolutely dedicated to go and see people who wished to see them. I can try and get some figures and as soon as I can I will circulate them.

#### **3.4.5 Deputy R.J. Ward:**

Is there not a risk that removing this inclusion of heating is also removing the protection for those who really struggle to budget in this way and, therefore, having heating separate could lead to individuals switching their heating off in the winter and going cold and the most vulnerable, who perhaps are the most least likely to be able to budget as well, would suffer. Would it not have been best to give the option to include heating in rent, in a similar way, as this change was made?

#### **Deputy L.B.E. Ash:**

It is a very good question, but, obviously, it has changed. It was easy to keep the rent in there before, because it was one system, everybody had the same system. It was on at the same time for everybody in the whole thing, so you all paid the same. Now, of course, people are paying different. It has to be done on an individual basis. It is also true that the J.E.C. and Andium have encouraged people to set up monthly standing orders, as many people in here do, to the electric board and that covers that problem.

#### **3.4.6 Deputy R.J. Ward:**

Has the Assistant Minister not just explained the increase in complexity that comes with this, which is exactly the problem in terms of budgeting that people face? Therefore, it is just leading to a problem in the long term.

#### **Deputy L.B.E. Ash:**

It is not really doing anything that other people are not asked to do with their phones, electricity, whatever. It was just a quirk with Andium, because everybody was on the same heating system, same tariff. They are not anymore, because people will use it to an individual amount. It is just not a feasible thing to do.

#### **3.4.7 Deputy K.F. Morel:**

Has the Minister considered that the Island's most vulnerable people often live in Andium Homes' properties and, indeed, with reference to Deputy Ward's question, the tenant that brought this to my attention is now, indeed, too scared to turn on their heating, because of the fear of the electricity bills, precisely because they do find it difficult to deal with the complexity, as Deputy Ward mentioned? Does the Minister appreciate that a phone call and an order to set up a direct debit are not an appropriate way to handle moving somebody from a very simple system to a much more complex system, particularly when they are vulnerable? On top of that, will the Minister please provide the Assembly with all the research that Andium Homes has done, which has given them the view that there are no problems with this policy?

#### **Deputy L.B.E. Ash:**

As I have already said, I will endeavour to provide the Assembly with as many statistics as we can pull together. It is a difficult problem and I agree if someone has been inconvenienced ... if you give me their name and contact details, I will arrange - and I am sure the Minister for Children and Housing will as well - for Andium to contact them and see what we can do, whether it is within the benefit system, or whether Andium can come to some sort of agreement to help.