



STATES OF JERSEY

Health, Social Security and Housing Scrutiny Panel Medium Term Financial Plan Review Hearing with the Minister for Housing

TUESDAY, 4th SEPTEMBER 2012

Panel:

Deputy K.L. Moore of St. Peter (Chairman)
Deputy J.G. Reed of St. Ouen
Deputy J.A. Hilton of St. Helier

Witnesses:

Deputy A.K.F. Green of St. Helier (The Minister for Housing)
Connétable J.M. Refault of St. Peter (Assistant Minister for Housing)
Housing Transformation Programme - Programme Manager
Chief Officer
Finance Director

In attendance:

Mr. W. Millow (Scrutiny Officer)
Ms. J. Hales (Scrutiny Officer)

[11:01]

Deputy K.L. Moore of St. Peter (Chairman):

Thank you for joining us this morning. I hope everybody has enough space. I would ask if you could possibly move your microphones sort of angled as close as possible to you as you can manage. Now that we are trialling our broadcasting, it is just to ensure that we have the best possible sound quality available to those people who decide to log on and listen. Obviously I welcome members of the public and remind them of the code of behaviour which I know they are very familiar with and I respectfully ask them to observe. Minister, I imagine you are familiar with the notes that are beside you.

The Minister for Housing:

Yes, I am thank you.

[Introductions]

The Deputy of St. Peter:

Great. So we will start by introducing ourselves. I am Deputy Kristina Moore, the Chairman of the panel.

Deputy J.A. Hilton of St. Helier:

I am Deputy Jackie Hilton, Vice Chairman of this panel.

Deputy J.G. Reed of St. Ouen:

Deputy James Reed, panel member.

Ms. J. Hales (Scrutiny Officer):

Janice Hales, Scrutiny Officer.

Mr. W. Millow (Scrutiny Officer):

William Millow, Scrutiny Officer.

Housing Transformation Programme - Programme Manager:

William Gardiner, Housing Transformation Programme Manager.

Assistant Minister for Housing:

Constable John Refault, Assistant Minister for Housing.

The Minister for Housing:

Deputy Andrew Green, Minister for Housing.

Chief Officer:

Ian Gallichan, Chief Officer.

Finance Director:

John Hamon, Finance Director.

The Deputy of St. Peter:

Thank you. So we will start by asking why your department did not seek any growth bid funding in the Medium Term Financial Plan, Minister.

The Minister for Housing:

Okay. Well, basically because we are anticipating the Housing Transformation Programme being debated and hopefully going through the States in January/February, early next year anyway, and that will solve many of our problems. That is the whole reason for the Housing Transformation Programme. So our capital expenditure, the need for regulation, the strategic overview of housing across all tenures and the ability to access finance. The biggest problem for this Housing Department at the present time is that it cannot access finance other than in competition. It cannot borrow privately because we are not allowed to. So the only way we can access finance at present time is in competition with Health and with T.T.S. (Transport and Technical Services), for example their waste strategy. As you know, there are limited funds available. The alternative to that is that we stay as we are. We have bid for the £96.1 million we are going for over the period of the plan. We bid for that. If we were successful in getting that then the new hospital either has to be funded differently or not happen at all, the waste strategy does not happen or tax goes up. One has to be realistic.

The Deputy of St. Ouen:

Minister, you have quite rightly said that you are anticipating that the Housing Transformation Programme will be accepted by the States.

The Minister for Housing:

Correct.

The Deputy of St. Ouen:

So what happens if the States do not accept it?

The Minister for Housing:

Then we will have to come back to the States or the Treasury will have to come back to the States to find another way of funding it.

The Deputy of St. Ouen:

If funding it not provided through the Housing Transformation Programme, will the Medium Term Financial Plan continue to provide funding to allow your department operate as it is?

The Minister for Housing:

No, in short; certainly in terms of capital.

The Deputy of St. Ouen:

So there is no plan B?

The Minister for Housing:

There is no plan.

The Deputy of St. Peter:

So you would not bring an amendment to the House if your Housing Transformation Programme was not approved?

The Minister for Housing:

Whether I would bring an amendment or the Minister for Treasury and Resources would bring an amendment, we would have to do something, but you have to be realistic. With the levels of finance that we need and the levels of finance that Health need and the levels of finance that T.T.S. need - and that is just 3 big departments, there are others requiring their bit as well - given the known income of the States for that period, there is not enough to go round. So either some of those things fall by the wayside ... and I suspect they will have to because we would have to have some investment in housing. We have got about 27 per cent of our current accommodation that does not meet the Decent Home Standard and as the Minister in charge I do not find that acceptable. I need to do something about that. Last time I looked, and it is a little while, there are number of people on the waitlist (80-odd families band 1 last time I looked) and those people are either in very poor accommodation or virtually homeless. Not sleeping under hedges as Deputy Powell would have them, but they are in dire straits. I need to build homes to do that. So I need to put that right.

The Deputy of St. Peter:

You have been quoted as saying your mantra is: "Supply, supply, supply."

The Minister for Housing:

Yes, absolutely. So I look to the Minister for Planning and Environment to make sites available and to increase supply across all tenures, across affordable homes for people to buy, first-time buyers and across social housing rental as well.

The Deputy of St. Ouen:

Has any consideration been given or any discussion taken place with the Council of Ministers or indeed the Minister for Treasury and Resources with regard to the "what if" scenario? I could argue that it is quite a high-risk strategy that Housing is planning to embark on by believing that the States will agree to a particular programme before it has been debated.

The Minister for Housing:

Yes. The strategy is not without risk, I accept that. But the alternative is more of the same: lack of investment in our current housing stock and lack of investment in the building of new, if we are going to slice the cake between those departments.

The Deputy of St. Ouen:

You heard the message the Treasury ...

The Minister for Housing:

That is the message I have given him.

The Deputy of St. Ouen:

Right. Just one last question on it. Obviously that it one view, but is already accepted and you have already pointed out that investment needs to be made. I want to know whether or not any meaningful discussions have taken place with the Minister for Treasury and Resources and indeed their department as to alternatives in the event that the States choose not to support your Housing Transformation Programme.

The Minister for Housing:

If the States choose not to do it then we will have to bring some sort of amendment, whether it be myself or the Minister for Treasury and Resources. The principle that there would have to be an amendment has been accepted, but it comes with a cost. Other work will not be done by other departments. We will not get all that we need and nor will the other departments.

The Deputy of St. Ouen:

Is that what he said? Can you just confirm that?

The Minister for Housing:

It is a fact, is it not? It is not what the Minister for Treasury and Resources says, but if you have only got X amount to spend and you have got to divide it up between another department, a big department that requires at the moment under this plan £96.1 million, then it is a fact. Let us wake up here. It is a fact that if you have got a cake you can divide that cake but if you have got more people to divide it among you have got to divide it smaller.

The Deputy of St. Peter:

Thank you. I think we have understood that point very well. In the good, positive case scenario, if the H.T.P. (Housing Transformation Programme) is adopted will there be any amendments need to the M.T.F.P. (Medium Term Financial Plan) in that case?

The Minister for Housing:

No. I have just looked to the Minister for Treasury and Resources and his team to continue to work with us to make available the funding that we want. When I say “make available”, obviously they are the experts at getting bonds set up or arranging loans or whatever. So I look to the Treasury team to do that with us, but there will not need to be any amendments from a Housing point of view.

The Deputy of St. Peter:

Thank you. Now, let us go back to some of the details of your budgeting allocations. Your department is in the unusual position of being set a negative expenditure limit each year as it returns funds to the Treasury. Could you provide more information on why that return is made to the Treasury, please?

The Minister for Housing:

I will give headlines on it, but if you want more detail obviously you will speak to the officer. The basic principle is in the past that Housing provided a rent rebate scheme. So people who were on low income who were allocated social housing but could not afford, in the eyes of the department, to pay the rent to a formula, their rent was discounted. Then when the income support system came in it was decided, absolutely rightly, that all benefits should come from one source and so we have the rent component and so we have the rent component as part of Social Security's income support. But, of course, we were always funding that reduction in rent of housing and that funding then transferred to Treasury to pass on to Social Security. I think that is it in a nutshell but the officers will put more detail in if you want it.

The Deputy of St. Peter:

Okay. No, that is understood. Thank you. Now, the £1.38 million carry-forward from 2011 has been stated as being there to help with your maintenance backlog.

The Minister for Housing:

Yes.

The Deputy of St. Peter:

Could you give some idea of the areas of priority that you have for that? It is mentioned that Le Marais bin chutes, for example, are one of the items on that list.

The Minister for Housing:

Yes. There is a whole raft of maintenance issues that need to be sorted, in the region of £40 million, but officers have obviously prioritised around that. If you want the detail as to where that particular sum has been allocated I will hand over to my colleagues to talk about that.

Finance Director:

Yes, a number of areas really. Some of the areas are to do with heating replacement systems, insulation, new windows, electrical inspections we have been carrying out as part of our heating replacement programme and inspections in all the electricity for the homes. There are a number of faults been identified as part of those inspections. So we need fix those sorts of things and also new insulation and windows at Clos de Martin. So it is being spent on a backlog of maintenance really.

The Minister for Housing:

That is really beneficial. If you take the work going on at Pomme D'Or Farm, for example, which was not part of that sum but is part of the backlog of maintenance we are doing, we have insulated buildings and we have put new windows in. Just one example there, one lady told me there was a very cold snap we had for 2 weeks in the winter. Her supplementary heating bill, what she was paying on top of to try and get the flat up to a decent temperature, for those 2 weeks was £50 a week less because she had a proper, insulated draft zone and watertight building. So it is worth investing.

Deputy J.A. Hilton:

Can I just ask you a question about maintenance? So there is a carry-forward of £1.8 million from 2011 which is going to be used for backlog maintenance. How much money is budgeted for ongoing maintenance each year and does the Medium Term Financial Plan allow you to carry out the maintenance at the level that you really need to?

The Minister for Housing:

The Housing Transformation Programme allows us to carry out the maintenance that we need to get every home up to the Decent Homes Standard and then maintain it. I am on record as saying before that is stage 1. I would like to a Jersey Decent Homes Standard and I think we can do slightly better than the U.K. (United Kingdom) but we will settle for the U.K. Decent Homes Standard for now. That is all within the Housing Transformation Programme, all within our business plan and will happen.

Deputy J.A. Hilton:

Did you just mention a figure of £40 million worth of backlog of maintenance?

The Minister for Housing:

It was about that, yes.

Deputy J.A. Hilton:

£40 million worth ...

The Minister for Housing:

It was £80 million 2 or 3 years ago. It has now dropped, so we are heading in the right direction. There is still a lot of work to do, though.

Deputy J.A. Hilton:

So if the Housing Transformation Programme is accepted by the States what sort of timescale are you thinking that that work will be completed in?

The Minister for Housing:

Well, it is a bit like the fourth bridge, is it not? We get that 27 per cent up to scratch fairly soon but, of course, then you need to go back and continue the maintenance. That is where we have gone wrong before. Not Housing particularly, but the States generally have undertaken a project, walked away from it, job done. The job is not done. Maintenance needs to be ongoing. So we get the 27 per cent up. Probably by the time we get there it will be less than 27 per cent because we have got ongoing projects, but get those up to scratch and then maintain them ongoing.

Chief Officer:

If you look at the age profile of the stock, obviously we have got a backlog at the moment, but the condition survey is demonstrating that as the stock gets older more of it falls below the Decent Homes Standard. So we are looking at a 10-year period to bring it all up to scratch and keep it there.

[11:15]

Deputy J.A. Hilton:

Okay, thank you.

The Deputy of St. Ouen:

We have read that if the Housing Transformation Programme is adopted the Medium Term Financial Plan will be amended. Can you explain how it will be amended?

The Minister for Housing:

I am not sure on that one, to be honest.

Finance Director:

Do you want me to answer that one?

The Minister for Housing:

Yes, please.

Finance Director:

I think it is set out in appendix 6 of M.T.F.P. I think it is mainly a technical amendment. There are a couple of elements. First, because we have become a housing association there is no longer a cash limit as such. It is a return made by the housing association akin to Jersey Telecoms, Jersey Post, et cetera. So it is treated slightly differently, as States income rather than departmental because we will no longer be a department. There are also various budget transfers to the Chief Minister's Department for certain staff, but also to Social Security to take account of the proposed rent uplift in 2014. It is a net nil overall. It is a technical amendment.

The Deputy of St. Ouen:

So just to be clear; at the moment the Medium Term Financial Plan is showing those transfers or are you saying that, following the agreement of the Medium Term Financial Plan and then the debate on the Housing Transformation Programme, if there need to be changes, those changes will be made after the States have decided or before?

Finance Director:

After.

The Deputy of St. Ouen:

After?

Finance Director:

That is why it is shown in appendix 6 as a ...

The Minister for Housing:

But it is a technical thing because the money remains the same. It is just what you call it in the main really. The money that we transfer to Treasury at the moment going to Social Security for the rent ...

The Deputy of St. Ouen:

I am pleased you mentioned that because the next question was around income limits. We have compared obviously the income limits test in the annual business plan for 2012 with the Medium Term Financial Plan and we notice that the figures in the Medium Term Financial Plan for 2013-14 are greater than those identified in the 2012 business plan and we are just trying to understand why.

The Minister for Housing:

Well, part of that would be the uplift in rents, but again my colleagues can go into the detail.

Finance Director:

The major difference of just over £500,000 in each year is to do with the C.S.R. (Comprehensive Spending Review) procurement savings that were allocated centrally initially of £6.5 million. As savings have been identified across departments, those savings have been allocated out. So our share of those procurements savings in each of those years are, I think, £491,000. There are adjustments for inflation assumptions as well, but it is the C.S.R. procurement savings that is the major difference between the 2012 business and the M.T.F.P.

The Deputy of St. Ouen:

So to be clear, just picking up on a point that the Minister made, the Medium Term Financial Plan at the moment does not reflect the uplift to the 90 per cent rental policy?

Finance Director:

It does not.

The Deputy of St. Ouen:

It does not? Right.

The Deputy of St. Peter:

In the M.T.F.P. there is an assumption that the Housing Department will fund £96 million of development during 2013-15 and funding for these schemes will come from a variety of sources. Could you elaborate on the different areas that the funding will come from for these projects, please?

The Minister for Housing:

I cannot really, to be honest, and it is not because I have tried to keep it secret. Clearly that is a matter for the Treasury team, but I have had the Treasurer's absolute assurance that it could come from bonds. It could come from us borrowing from the States, which I find very attractive because they are getting very low rates of interest. If I was to borrow from a bank commercially, I would be paying about 5 or 6 per cent at the present time. We could go in the middle. Treasury get a little bit more than they are getting on their investment. We are paying less than we would be. Those are the sorts of things that attract me, but it really is a matter for the Minister for Treasury and Resources and his team to put those things in place for us. I have got the absolute assurance they can do that.

The Deputy of St. Ouen:

Just picking up on that. You say you have got the absolute assurance, but the States are being asked to agree a Medium Term Financial Plan which makes quite significant assumptions which you quite rightly say are essential if social housing is provided. Have you had written confirmation that the Treasury will ensure that you are able to fund the £96 million and the £289 million as part of your long-term capital plan? If you cannot we are all wasting our time and we still end up with the problem unresolved.

The Minister for Housing:

I have not had a letter from the Minister for Treasury and Resources, but it is on record at our meetings that this money can be made available. Clearly they have been out speaking to other sources of funding and it is for you to ask the Minister for Treasury and Resources what those may be. He has assured me that it is available. The Treasurer is very confident that it is available, either on a bond or from internal borrowing or whatever, and that is their job. I am not the least bit worried about it. I know they are not just saying that. They have been out and tested the market as well. So it is there. The biggest problem is whether the States will accept the Housing Transformation Programme.

The Deputy of St. Peter:

Also, I presume that the land is allocated for the provision of supply.

The Minister for Housing:

Yes. In the short term we have got sufficient, but there needs to be longer-term provision. We have got places like Les Quennevais coming on fairly soon, beginning of next year/end of this year. So in the short term we have got something to be going on with, but we do need more. I may be jumping ahead a little bit but we depend, for example, on the space that is going to become available in the police station moves, the Summerland site. That is a very important site for us.

Deputy J.A. Hilton:

Can I just ask you a question about timescales? When you refer to the short term, what sort of timescale are you talking about?

The Minister for Housing:

Well, Les Quennevais will be late this year or early next year they start building. Le Squez, have we signed any contracts?

Chief Officer:

Yes, we have signed the contract. We will be commencing ...

Finance Director:

Le Squez, no. The tenders are due back this Friday.

The Minister for Housing:

Right, okay. So there is some work going on in the short term, but it is not enough.

Deputy J.A. Hilton:

How confident are you that the land is going to come forward to be made available to deliver more social and affordable housing?

The Minister for Housing:

Reasonably confident. Of course things like the police station move need to happen in order to release the land and if that move does not happen then the land cannot be made available. It is not that nobody wants to give it to us. They just cannot release it. So we do depend on other things happening and being approved by the States to some extent. There is going to be land available to us for some social housing at the old College for Girls and, of course, we know we are going to get Ann Court back, but T.T.S. have to finish their work there first and that shaft to prevent the town from flooding is essential. We know we are going to get it back but, again, that is time.

The Deputy of St. Ouen:

Just one final question on the matter of funding. You speak about bonds and internal borrowing. Have any discussions been had with the Treasurer about commercial borrowing in the same manner as housing trusts?

The Minister for Housing:

Yes, we have certainly explored that. Of course, some of the investment, as I think you were inferring at the end of your question, will come from housing trusts. Housing trusts at the moment are building up surpluses and we will work with them to encourage them to invest that into social housing. It will not all be done by us, but there is a great deal to be done by us.

The Deputy of St. Peter:

Thank you. Now, there is £91,000 of funding required for additional law drafting. Could you provide the details regarding that legislation required for the H.T.P. to be put together?

The Minister for Housing:

I will let colleagues provide the detail but we have got 2 huge pieces of work. One is the formation of the housing association and the other one is the regulation that will be required. I do not think we need legislation to bring the strategic housing unit, or authority or whatever you want to call it, into being but we do need to have legislation which we have got working with the law officers on the regulator and on the new housing association. That is where the money is being spent.

Chief Officer:

I think the Minister is absolutely right. Two pieces of legislation; making the law, which will be brought to the House in our report and proposition, and then subsequently the regulations which will be follow in due course and be brought to the Assembly.

Housing Transformation Programme - Programme Manager:

We should clarify; it is not £91,000 worth of law drafting. I think we have supported it to about £20,000.

The Deputy of St. Peter:

Yes, I think it is split. There is £70,000 from Treasury and Resources and £21,000 for pensions law and housing. Yes?

Chief Officer:

Yes, over this year and next year.

The Deputy of St. Ouen:

Could you just confirm whether or not all departments are being treated in the same manner when it comes to contributing to the development of legislation?

The Minister for Housing:

I cannot, but what I can say is that we decided to do this just to speak things up really. We brought in some help from outside.

Chief Officer:

Yes. It was a major piece of work. So in order to push it forward we contributed to it.

The Deputy of St. Ouen:

You have assurances that that will be the case?

The Minister for Housing:

Yes.

The Deputy of St. Peter:

We have talked about raising monies for funding capital projects but also you did sell off some of your existing housing stock.

The Minister for Housing:

Yes.

The Deputy of St. Peter:

How reliant are you upon those sales and continuing the sale of stock?

The Minister for Housing:

It is essential. I think if you had asked me 2 years ago when I first became Minister for Housing I would have said that I did not want to sell any stock, but I do realise that it is essential to sell stock that is not aligned with social housing. There are some units that are not suitable for social housing, require a huge amount of upkeep, and we will sell those off and reinvest the money into social housing. That is important. But I also think a need to have a continuous supply of a small amount of sales and renewals, new build, because once you turn the supply tap off it takes many years to turn it back on. So we need to keep doing that, to keep realigning our stock, updating our stock; allowing people to fulfil their dream of owning their own home as well, but also continuing to invest that money. As long as that money is invested. If you have got a family living in a house that they have lived in for a long time and they are going to be there for some time in the future, if they could afford then to buy, even if it is on a deferred payment, you have not lost anything. You have got that money then to reinvest into new homes. So you are still housing that one family and you are housing and you are housing a new family now. So I think it is essential that we have that small turnover. I do not want to

see wholesale, as we have seen in the U.K., selling off of social housing. I want to see a sustained small amount that allows for renewal of stock and moving on that way.

The Deputy of St. Ouen:

Just picking up on that, I am fully supportive of the idea of using housing stock and reinvesting in housing stock, but I was under the impression that you were required to repay certain monies that were advanced to you through the sales.

The Minister for Housing:

That is true; £27 million we have borrowed from Treasury which we have to repay. So we are doing our investment now and then we are going to pay it back when we have got the sales. That is just a matter of timing.

The Deputy of St. Ouen:

Right. So £27 million worth of stock is required to be sold to repay an advance of funding provided by the Treasury. Is that what you are saying?

Finance Director:

Yes. The £27.1 million advanced, P.40/2012, will be repaid, assuming the Housing Transformation Programme goes through, in 2014 when it is converted into an internal loan from the currency fund. That is the idea and that is in the M.T.F.P. It is assumed. Now, the funding sources for the department going forward is linked to an ongoing programme of sales, at today's prices approximately £4.5 million per annum, but also P.40 does allow the creation of 121 new units. So there will be additional rentals generated. So the £21 million gets converted into a loan, then the loan is repaid from the new rentals from those 121 properties.

The Deputy of St. Ouen:

So it is an open loan, is it? No, it is time limited.

Finance Director:

Twenty years.

The Deputy of St. Ouen:

Twenty years?

Finance Director:

Yes.

The Minister for Housing:

We were just able to convince the Minister for Treasury and Resources that we need to do it now rather than wait.

[11:30]

The Deputy of St. Ouen:

Okay. So the pressure is not there for you to repay this debt by selling perhaps more stock than you would otherwise choose to do?

The Minister for Housing:

No.

Finance Director:

In fact, in the period up to 2014, the Treasury has confirmed there is no requirement to repay any of that money through sales at all.

The Deputy of St. Peter:

If there were any delay in the introduction of the Housing Transformation Programme, would that have a negative impact on those repayments?

Finance Director:

We cannot borrow the money from the currency fund while we are still a department. That is one of the issues, hence why we were advanced the £27.1 million in the first place. It would not have a negative impact on us, but it would have a negative impact on the capital programme overall for other department because the funding would not be there. We would not be able to repay that sum for use in other capital projects.

Deputy J.A. Hilton:

Can you just explain why you could not borrow the money if you are a department?

The Minister for Housing:

Because the law does not allow it.

Deputy J.A. Hilton:

Could the law not be changed?

The Minister for Housing:

It would be quicker to get on with the Housing Transformation Programme seeing as we are three-quarters of the way through. The law does not allow departments to borrow. I suppose it could be changed but whether the States would want to change that is another thing.

Finance Director:

It is a technical point on the currency fund. You could not borrow from the currency fund because the law officers have told us that it is not something that is allowed to happen. The land has to be to a third party, hence why it is different. Borrowing from an external source could well be possible, subject to the appropriate States approval.

The Minister for Housing:

But then you pay more interest.

Deputy J.A. Hilton:

No, I am just curious why the Housing Department cannot borrow from the States of Jersey if a law change was not implemented. I am just curious about that.

The Deputy of St. Peter:

We have discussed already the cost of introducing regulations, but in the M.T.F.P. it is stated that there would be a levy on landlords to cover that regulation. Has that levy yet been decided?

The Minister for Housing:

No, but there will be a levy proportionate to Jersey and according to the size of the organisation. So it will be affordable. We are not talking about huge amounts of cost for a regulator. It is a part-time post.

The Deputy of St. Ouen:

So it will be based on full cost recoveries?

The Minister for Housing:

Yes.

The Deputy of St. Peter:

I see, thank you.

The Deputy of St. Ouen:

Just picking up on the discussions we just had regarding borrowings. Presently have any decisions at all been reached and agreed with the Treasury regarding potential areas of borrowing?

The Minister for Housing:

Clearly we have got this loan coming from the currency fund once we are a housing association. So that has been done.

The Deputy of St. Ouen:

Right. That is conditioned on the change of the department?

The Minister for Housing:

Yes. The others are just in principle discussions. Again, my officers will pick up on that, but just in principle because that is a Treasury job to provide the machinery by which I get hold of that money. Our job is to identify what we need, convince Treasury why we need it and States Members, and Treasury's job is to make that available.

Finance Director:

We are starting a process of exploring how to procure bond which would not just be for ourselves. It would be one that would span across Health and ourselves. The Treasury have taken the view that the return on the strategic reserve is greater than the interest charges going out to a provider of a bond. So it makes sense for the States to borrow the money rather than use its own reserves to finance these infrastructure investments.

The Deputy of St. Peter:

The department claims to be a strong support of the strategic priority to promote family and community values, yet there is no allocation for funding with this priority. How do you expect to deliver it?

The Minister for Housing:

I need to refer to my notes here, but if you look at some of the increases we have had in staffing they have been around supporting our families and supporting our tenants and customers. Of course, families are important but so is where they live. Every family that lives in less than acceptable accommodation that will affect their education and it will affect their health. So part of our contribution is to make sure that every family is housed in suitable correct accommodation that will improve their health and improve their access, I believe, into education. Obviously the increase in staffing that we

have had in the short term has all been around supporting families but, again, my officers will pick on the detail if you want it.

Chief Officer:

There is evidence linked between good housing and the welfare of the community. So I totally agree with what the Minister said. It is really having stock of a decent standard and promoting our Assisted Living Team, et cetera. It all goes to assist frankly promoting those values that we obviously do.

The Deputy of St. Ouen:

Are you able to identify specific amounts that are used to support that particular priority?

The Minister for Housing:

There are 2 posts in customer care that you could identify as supporting all our customers but most of our customers are families. The rest it is impossible to separate because good housing is about families. Okay, we do support older folk whose families have grown up as well but essentially we support families with good houses. I was one of the youth panel members and invariably when youngsters came forward they were nearly always in poor accommodation or poor situations. That is why I am adamant that our families are properly housed.

The Deputy of St. Ouen:

Just picking on the point of providing for some of the more vulnerable people in our society, there is the issue of home improvements and various changes and alterations to property that are required to suit an individual. How do you plan to provide for and fund that sort of activity?

The Minister for Housing:

We have got an excellent Assisted Living Team that work with people. We do have a budget to make adaptations and sometimes we call on Health to assist in funding that from the Occupational Therapy Department as well. Do not forget as we are designing new homes we are building in a lot of these things. So the new homes at Le Squez, for example, most of them have wet rooms in anticipation. Not putting old folk in them but in anticipation of people ageing and also young disabled people wanting wet rooms. Most people prefer showers anyway. So we are designing a lot of these things into our new builds which will make it future proof.

The Deputy of St. Ouen:

Can I also ask are you planning or tasked to provide and support Health in appropriate accommodation for assisted living, those who suffer with perhaps the more significant disabilities that are not able necessarily to live within the community per se?

The Minister for Housing:

That would come through the Assisted Living Team and sometimes we pick up the work and the funding. Sometimes we just provide the accommodation and Health do the rest of it. It depends on each case and obviously it is about working together.

The Deputy of St. Ouen:

Sorry, just to push you on this. At the moment no additional funding has been identified by your department to provide for that particular group of people?

The Minister for Housing:

Have a budget already for doing it and, as I said to you, we are future proofing in our design a lot of the things that these sorts of people would want. Some of the people, of course, just need to live in a quiet environment. They do not need any adaptations at all, but we work with Health through our Assisted Living Team, who I have to say do an excellent job, in providing an appropriate space. We provide the space. Health provide the care.

The Deputy of St. Ouen:

Right. So even those that are currently accommodated off-Island, you are confident that they will be able to be accommodated without any additional funds and provided by suitable accommodation?

The Minister for Housing:

I can think of 2 cases that I know Health are talking to a charity about housing and I know in those cases that those 2 cases bring their funds with them, if you know what I mean. They bring a care package. It is about providing the space in the case of that particular charity and that would be exactly the same for us. For more complex people it would be about providing the space, the facility, and then Health would put in the support.

Chief Officer:

That is, of course, in our long-term plans and the realignment of our stock, about creating life-long homes and catering for those demographic changes and that is part and parcel of what we are planning for now and in the future. The other thing is about discussions we have been having about taking over the Health and Social Services accommodation portfolio with a view to developing key worker schemes, because that is something that would assist greatly in that area of the business.

The Deputy of St. Ouen:

Thank you.

Deputy J.A. Hilton:

Can I just ask you a question around the allocation of homes? A significant percentage of the homes occupied at the moment are occupied by people who do not claim low income support and your plan under the Housing Transformation Programme is to increase your rentals. Do you not think a fairer and more equitable way of addressing the issue of families who are desperate for housing on low incomes, it would be better that those people who could afford to be housed in the private sector are housed in the private sector and those homes that you have are released to those people who are in greatest need, notwithstanding I understand that you need and use the rentals to finance your refurbishment and maintenance programme?

The Minister for Housing:

The theory is great, is it not? Who is going to tell a 60 year-old that they have got to move out of their home that they have had for many years and, as they become more frail, may need to come back? I would rather be providing suitable accommodation for people to move forward to or within their same community, because that is the thing. This is my personal opinion. The last thing you want to be doing is moving people as they get older away from the communities where they have built up their support network, but I accept what you are saying about housing them appropriately. We do not want and we do not allow single people to be in 3-bedroom houses, for example, as their circumstances have changed, but we do need to provide a range of different places within the same community. I think that is the first thing. The second thing is that for some people, as they head towards 40-45 - they might have been on a very difficult situation when their children were smaller - often they have now got decent jobs and the children have moved on and some of them would like to stand on their own 2 feet but it is too late to get a mortgage and move on. Of course, nobody is going to volunteer to move into the private rental when there is such a disparity between. So 2 things I want to do as part of the Housing Transformation Programme, as part of the work that the Strategic Housing Unit should be doing, is, first of all, have viable alternatives for people to purchase later in life, when they cannot afford an ordinary mortgage because they have not got 25 years working life to pay it back; and, secondly, if there is not much of a difference in the rent, some people may decide: "Well, for that extra 5-10 per cent that I would have to pay in the private sector, I could live somewhere that I prefer," with a sea view or whatever, but at the moment there is no encouragement to do that. But it is very difficult because I do not want to frighten people to death as they come into their older years by saying: "You have to move out." I believe Guernsey does that. I am not sure. I have heard that Guernsey do that. That is not the way I want to go. I want to offer people viable alternatives they choose to take.

The Deputy of St. Peter:

If you think about the person who has lived in the private sector all their lives, many of those people make the financial decision to downsize and therefore move out of their community as they age so that they can provide for themselves.

The Minister for Housing:

I am not saying they should not downsize. What I am saying is the last thing generally you want to be doing is to move people away in the most vulnerable part of their life, out of the community that they are used to living in, because they have built up their network.

[11:45]

They know their neighbours. They are secure and they are familiar with it. So our job is to have a range of different accommodation within the same community. So they move across the road or they move upstairs or whatever.

Chief Officer:

Yes. It is an interesting point, is it not? We talk about promoting community values but then we do talk about requiring people to move when they have often been living in a particular community for some time. Social housing is about community, not just people who have fallen on hard times. But where do they go, though?

Deputy J.A. Hilton:

I understand that social housing is about community, but social housing should be for people who are in need, who have got the greatest need.

Chief Officer:

Well, it depends on how you define "need". They have also got to have somewhere to go. As the Minister said, it sound quite attractive to say that you have 1,000 people on the list and there are 1,000 people in States accommodation who financially do not need to be there - although that is not just about finances, there are other issues around social housing - but it does not work like that because they have to have somewhere to go. It is about creating communities in social housing, too, and what we are saying in our proposal is that if you can afford to pay more rent you ought to pay more rent for the service and the home that you are being provided. That would, of course, encourage some people to move out to the private sector also because they will not be having a hidden subsidy.

The Deputy of St. Peter:

The cynic might also suggest that you need those people who pay full rent and do not claim income support because they improve your funding streams.

The Minister for Housing:

That is a reasonable view.

Assistant Minister for Housing:

I think basically it is providing people who can afford to pay more the choice. They can choose to stay in basically a States rental unit or they can choose to go into a private sector that better suit their aspirations of life. If they do that, it enables that cannot afford to do that to come in and take the place in their home which Jacqui was talking about.

The Minister for Housing:

As the Assistant Minister says, they can choose. At the moment they would have a job to choose because we have a distinct shortage of suitable accommodation in the private sector and in the States sector.

The Deputy of St. Peter:

While are on the subject of your rents policy, you have already stated today that there is no allocation for the increase of rents that you will collect if the Housing Transformation Programme is adopted by the States. So what will happen to the extra monies that are generated once the rents are increased?

The Minister for Housing:

That needs to be spent on investing in new homes and refurbishing the existing ones. That is where it will be spent. It will not be given away or stuck in a bank or anything like that. It will be invested in continuing to upgrade and maintain our current properties and invest in new. That is essential.

Assistant Minister for Housing:

I think it is worth pointing out that the Strategic Housing Unit is a not-for-profit organisation and so all monies that it gets will be reinvested back into the product of the Strategic Housing Unit. So, exactly as the Minister says, any additional monies that happen to come because more people are paying more rent than we expected them to, that is going to be bonus to enable us to produce more social rental for people that need it.

The Minister for Housing:

There is clearly a misunderstanding here because the Strategic Housing Unit sets the policies across all the tenures. The rent remains for the new association to invest in maintenance and I do say maintenance because that is something the States generally has been very poor at, not just in housing but in ... and it is not the officers' fault. It is the fact that politicians have not made available the resources. Health is the same and accommodation there. That is another challenge for another department. That money will be invested in maintenance, upgrading and in new properties which themselves will help to solve some of the social issues but improved rental income, again allowing for investment.

The Deputy of St. Peter:

Will the housing association also require extra rental income to fund borrowing?

The Minister for Housing:

It is chicken and egg. Projects will be looked at individually. If we get a site and we decide what we can put on there then we would look for the borrowing to fund that and I would expect the rent on that site to fund that borrowing. That is how it would normally work.

Assistant Minister for Housing:

I think it is sensible to say that, in working out that equation, you would look at your minimum funding stream you are sure that is coming in, rather than looking at your maximum funding stream, to ensure that you can repay the loan that you need to develop in the first place.

The Deputy of St. Ouen:

A single-source of department income, as I have drawn out of the Medium Term Financial Plan, is suggested at £38 million for housing rent. What percentage of that £38 million will be used for refurbishment and rebuild projects?

Finance Director:

Of the current budget obviously the biggest call on the total income is the return to Treasury. Obviously you have got the £24 million increasing every year. But we spend £8 million on maintenance per annum at present. That is not just on planned maintenance. That is also on response repairs, where tenants ring up because they have got a leak or something like that, and there is also another £800,000 spent on void refurbishment and £200,000 spent on medical adaptations for bathrooms and things like that. So there is a wide range, but in addition to that you have got the capital programme. So this is the refurbishment of Pomme D'Or Farm which has being

funded separately in the past, mainly through sales of units, but now through the £27 million advance through P.40 and in future perhaps through borrowing.

The Deputy of St. Ouen:

But following your description, and I am not a mathematician, it seems as though currently, if you take the £38 million, you would be lucky if you have got 15 per cent to be able to spend - maybe 20 per cent maximum - on refurbishment and new build projects. Would that be a reasonable assessment?

Finance Director:

The department does not have enough to fund its core maintenance at the moment, hence the reason for the policy. The new units will be funded through new rentals, so that is in addition, and the refurbishment catch-up will be funded through the ongoing sales effectively. You can divide up in those simple terms if you like.

The Deputy of St. Ouen:

So the £38 million income figure, how has that been calculated? That is a current figure, are we saying?

Finance Director:

Yes.

The Deputy of St. Ouen:

That is not an inflated ...

Chief Officer:

No.

The Deputy of St. Ouen:

Okay. We will not dwell on this but if you could perhaps provide us a bit of a breakdown of how that £38 million is spent it would be useful.

The Minister for Housing:

Just picking up on the capital, it is not rocket science, is it, that if you keep it simple ... when we did the project at Scott Gibaut the space allowed us to build 7 units. The rent from the 7 units paid the mortgage and put a little bit aside for ongoing maintenance and that is what will happen with the new capital schemes. Each one will be self-financing based on the rents coming in, allowing for maintenance because that has always been very poor in the past. As I say, the States not just

Housing. But we do have to pick up on that backlog of maintenance which we have allowed for as well.

Finance Director:

If I could refer you to the annex to the M.T.F.P. on the Housing pages, the operating cost statement does give a breakdown for various elements of expenditure and income.

The Deputy of St. Ouen:

I am not sure if that is necessary the detail ...

Finance Director:

You can have further detail.

The Deputy of St. Ouen:

Thank you for referring us to it. We will have a look and, if need be, we will come back to you. Thank you.

The Deputy of St. Peter:

Thank you. I just have a couple more questions if we could. One is regarding the recharges levied by utility companies. Has a cap been put on recharges to be applied in relation to the charges levied by utility companies?

The Minister for Housing:

Are you talking generally or in the Housing Department?

The Deputy of St. Peter:

In the Housing Department.

The Minister for Housing:

People have certainly their own electricity and gas meters. So they pay the going rate and that is only right. They pay for what they use and they pay the utility company directly. We do not inflate them. I think water is probably the only one where we pick up some of the bills but we just pass them on, do we not?

Finance Director:

With water, obviously because we have quite a number of flats, it is not possible always to have a water meter and to have a set supply. Jersey Water are presently going through a process of

installing water meters, so at some point in the future we will look to see whether tenants are charged directly if possible, rather than the department paying and then us recovering the money, but that is an ongoing discussion. Because the majority of the department's properties are in the urban areas, those are the areas that Jersey Water has not got to yet. Basically we just recover what we charge.

The Minister for Housing:

We do not add on. That is why I asked you if you were referring to the private sector, because I do intend, as part of the Residential Tenancy Law, to do some work around maximum charges that private landlords can make for utilities. I am working on it. I have not got the detail yet.

The Deputy of St. Peter:

Okay, we shall look forward to that. Let us stay with the Medium Term Financial Plan. There is a proposed saving of £100,000 due to reduction in heating repair calls due to the improvements that you are making to your heating systems. What funding is in place for call-outs and dealing with faults and repairs, please?

Chief Officer:

Well, we have got a response repairs budget which meets the requirements of tenants ringing up reporting issues with a whole myriad of maintenance issues, but we have seen a downturn in obviously the number of requests for maintenance services because we have been replacing our wet heating systems with electrical systems and it has made a significant saving in terms of maintenance. Each boiler has to be maintained and serviced each year. Those have been withdrawn now because we do not need to do that. We chose electricity for a number of reasons but also because of the maintenance costs. We get very few calls of errors or problems with people's heating systems I think it is fair to say. So we have seen significant reduction in expenditure.

The Deputy of St. Ouen:

I just want to come back for a minute to a comment I think your Chief Officer made regarding a likely transfer of accommodation stock from Health to Housing. What funding, if any, would follow that sort of transfer?

The Minister for Housing:

That is a good question. We are at very early stages of discussions with Health but we are quite keen that we have proper key work ... because we have not key worker housing policies. I know that Health do have some accommodation for staff, but they are keen that the experts on housing get on and do it. They have the same issues in terms of maintenance and quality and all the rest of it. In principle we have agreed that this is right, but that is as far as we have got at the moment.

The Deputy of St. Ouen:

Presumably you would want to have some sort of assurance that the funding would be provided that would support any ...

The Minister for Housing:

There would clearly have to be a business plan with that. Obviously if it came across to us the rents would come across to us, but there would have to be some sort of business plan around that. It is something I think it is right to do. All the housing should be with the experts in Housing and I think it is right to have a key worker policy because certainly when I speak to some of the nurses that have left the Island, it is not all about money. Some of it is about the accommodation or the lack of it.

The Deputy of St. Ouen:

These sorts of issues that you raise, they are quite fundamental. Do you believe that the Medium Term Financial Plan as currently constructed will enable that change to happen as you have just described?

Assistant Minister for Housing:

It will if the Housing Transformation Programme goes forward and if not, as it at the moment, we would have to amend it. If the Housing Transformation Programme goes forward, it will certainly.

The Deputy of St. Peter:

Okay, thank you. Thank you very much for answering your questions very clearly in the allotted time. I close the hearing.

[12:00]