



Northern Ireland
Assembly

**COMMITTEE FOR
SOCIAL DEVELOPMENT**

**OFFICIAL REPORT
(Hansard)**

**NIHE Review: Committee Response to
PricewaterhouseCoopers' Report**

6 October 2011

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Alex Maskey (Chairperson)
Mr Mickey Brady (Deputy Chairperson)
Mr Gregory Campbell
Mrs Judith Cochrane
Mr Michael Copeland
Mr Sammy Douglas
Mr Mark H Durkan
Mr Alex Easton
Ms Pam Lewis
Mr Fra McCann
Mr David McClarty

The Chairperson:

Item 5 on the agenda is the Committee's response to PricewaterhouseCoopers' report on the Housing Executive review. At tab 3, you will find a draft response prepared by the officials here. There are a number of bullet points that seek to capture members' relevant concerns, made not just last week but in previous discussions. Are members content with that? It is not a definitive position; it is just the concerns of members as articulated thus far. It is open to addition and amendment. We are in members' hands on this one.

Mr F McCann:

I would like to raise a couple of points. I thought that, while it was interesting, last week's presentation by PricewaterhouseCoopers lacked a lot of flesh on the bones of what was going to end up as its recommendations for *[Inaudible.]*

I am browsing over what other people have said. There is no mention of the new landlord organisation in protecting the tenure of people who would move into a social house under its ownership. At present, if a person moves into a house and has family living with them, the family has the fight to claim the tenancy of the house if that person passes away. There is nothing built in to protect tenancy. That may be something to do with the fact that they are talking about only a 35-year or 40-year lease as a part of that. Also, some difficulties over the length of the lease came through in the arguments last week. It would advocate protection, or it would certainly assist the new organisation to tap into whatever resources it may require.

Mr Durkan:

Fra touched on the difficulty of the 35- to 50-year lease and the problems that that might cause for the succession of tenancies. It may also have implications for the tenant's right to buy if the organisation has only a 35- to 50-year lease.

Mr Easton:

My point has been made: it is concern about the right to buy if there is a 30-year or 35-year lease. I would like some clarification on that. That is my main concern.

Mr F McCann:

I have a couple of other points. Sorry, does someone else want to come in?

The Chairperson:

It is probably difficult to get a word-perfect submission that we all agree on and want to sign off. I suggest that we respond on the basis that we have taken the presentations and are providing a range of members' concerns, which are not necessarily agreed by every member. I want to get a consensus on that, if possible. I am not sure that we need to have a definitive position on everything. There is not a lot of substance to some of the points in the PricewaterhouseCoopers'

(PWC) report. They are its key recommendations, which are not always followed up by some of the more important details. However, in our paper, we have addressed a number of those.

Members are free to make additions. Fra, Mark and Alex Easton have done so. I suggest that we continue to add points that people want put on the record and to put them all in as a submission that communicates a range of issues that we want to be incorporated into any changes in the longer term. In a way, some of the additions that people have referred to are not even dealt with in the PWC report. No matter what the structure is, those issues, such as housing tenure, will still have to be addressed.

Mr Douglas:

What is the process? At 9.45 am today, I got a phone call from the chairman of a residents' group who is very concerned about the local office being closed. During the past week, I have also spoken to people from the housing association. What is the process for feeding some of that information back? Is there a timescale for that?

The Chairperson:

As we know, PWC was tasked with doing a review of the Housing Executive per se. It has carried out that review. It has not finalised its report. As the organisation's representatives told us last week, it is doing some work before it goes back to the Minister with, if you like, the final product. The Minister has made it very clear that it is not his review and that it will be conducted by PWC. PWC will report to the Minister. The Department and the Minister will look at the report. They will decide — or, at least, consider — a way forward. That will come back to us. Within the next few short weeks, the Minister will come to the Committee. I suggest, therefore, that issues about the exact structure of the Housing Executive or the district management structure are arguments for another day. That will not impinge on this discussion.

We are dealing with the PWC report and the way forward that it will recommend. Members have raised concerns and put on record issues that they want to be addressed. I am saying that what the structure will be is almost irrelevant. However, issues such as people's housing tenure, and so on, will have to be addressed no matter what the structure is. Therefore, it is important that people put their concerns and reservations on record in the way in which they have done so

far. Officials have tried to encapsulate those concerns in the paper. People are now putting additional issues on record. All of them can be incorporated in a document and sent to PWC. In a way, it is up to the organisation and, then, the Minister and the Department to take note of those concerns and to see if they can be addressed in whatever way they respond to the PWC report. That is what I think should be done, rather than to try to get the Committee's agreement on a definitive submission. I am easy: if that is what people want to do, we will do it. It will just take a bit more time to do it; that is all.

Mr F McCann:

I am just worried that — I think you are right — there is probably a long way to go on this. The Minister said that the report will probably go out for full consultation. You will get your money's worth in there. We need to pick up on a number of key points just to put them in the Minister's mind. By and large, the report that goes out for consultation is the report that you see at the end of the day. I am just pointing that out.

PricewaterhouseCoopers talks about tenant ownership. I have talked to people during the past week. My understanding is that the places on the board are non-executive and, therefore, do not have any voting rights. Therefore, there is no ownership. As regards the independence of the new organisations that would be set up, they are talking about three individual things: the new strategy organisation, the stand-alone landlord and the regulator. PricewaterhouseCoopers has indicated that some of those should be moved to the Department. I think that that would be a wrong move. Quite a number of people out there in the broad housing body have not only the expertise to develop strategy and policy but the ability to think outside the box about new ways to do things. That is important. Crucially, as Sammy mentioned, there is no history of housing being joined with social security. I envisage major problems with that. That needs to be looked at seriously. Social security offices deal with some serious, difficult cases — and do so well, by and large. On the other hand, it is the same in the Housing Executive, where there is individual expertise. That also needs to be teased out.

The Chairperson:

I draw members' attention to the fact that quite a lot of what has been said so far is covered by bullet points in the paper that has been prepared for us. What we are trying to do is to establish

whether what is contained in the draft response covers members' concerns. It may not give definitive proposals. However, it should raise all the issues that are of concern to members.

The Committee Clerk:

In the bullet points, we could include additional information on, for example, social enterprise landlord organisations.

The Chairperson:

Yes.

Mr Copeland:

I am quite happy to go with the consensus and the bullet points. However, I seek further information on a specific issue that goes to the core of this. Essentially, the Housing Executive is temporarily transferring assets in return for someone else accepting responsibilities. The key question is whether the current Northern Ireland Housing Executive stock is a net asset or a long-term liability. I want to establish the answer to that, because it covers an awful lot of what flows from it. In other words, is there a net value to the properties owned by the Housing Executive or do its borrowings and liabilities exceed its stock value?

The Chairperson:

The PWC representatives attempted to deal with that last week; you are seeking further clarification on that.

The Committee Clerk:

We can incorporate that question into this response. As the Chairperson said, the Minister will be here soon enough, when he will be questioned on the particular details raised by Mr McCann and other members.

Mr Copeland:

Apart from that, I am as content as everybody else.

The Committee Clerk:

Is the Committee content to include that point in the response?

Members indicated assent.

The Chairperson:

Are there any glaring omissions of issues that members wanted to make sure are addressed?

Mr F McCann:

There are probably many, but we will leave discussing them to another time.

The Chairperson:

It is important that people are, at least, content that issues of concern to them are, in some way, captured in this response. Obviously, PWC had the benefit of hearing directly from members, which was all recorded by either Hansard or Assembly broadcasting.

Mr Douglas:

As I said, there have been a number of questions this week, and there could be some more next week, because this is a huge decision for us and for the Executive. There are pertinent points relative to the PWC report. If someone contacts me next Tuesday with a query, does the process allow for the likes of me to contact PWC and forward that query on, not on behalf of this Committee but on behalf of a tenants' or residents' association?

The Chairperson:

I put that specifically to the PWC representatives last week. They are continuing to do — as they described it — a little bit more work before giving a final report to the Minister. They are keen to hear from members. If a member came up with something very contentious, PWC would not take that as a reflection of the Committee's view.

It is important that members have heard from PWC representatives twice. We have posed a number of questions to them, have written to them and have got clarification on some matters. We are still teasing that clarification out. This morning, we are agreeing our last response to

PWC as things stand. In a few weeks, PWC will be out of it.

Sammy, you asked what happens if somebody asks a member about any of this material. This has to go from PWC to the Minister and the Department. The Minister and the Department will then consider all of that and come forward with proposals, which will go out to formal consultation, including with this Committee. So, it is very premature to be dealing with, for example, the matter of district offices. That may well be an issue of concern, but it is not contained in these papers or the proposals that we have in front of us.

Mr Douglas:

Let me give an example. The report assumes that the Housing Executive stock will be upgraded to the decent homes plus standard. My question would then be whether there is a legal requirement to achieve the decent homes plus standard. I do not know whether there is or not. That is the sort of question that I am talking about. I am not asking them to work on it for another 10 days; there might be just a number of pertinent questions like that.

The Chairperson:

Let us sharpen our bullet point in regard to that, because that is what we are dealing with. We want this discussion to be around members' concerns. We do not need to go into every little detail of every issue of concern, but you can flag them up. After listening to PWC, I do not think that it will be doing an overhaul of what it has proposed thus far: it is clearly very narrowly focussed on its last bit of work. However, it is important for us to put on the record that we are looking in the slightly longer term — over the next few weeks — to hear the Minister and the Department's mind on this. I imagine that that is when the game will really be on.

The Committee Clerk:

If members have concerns, it might satisfy them to forward their points to either me or the Assistant Assembly Clerk and for us to incorporate them in a new draft of the response, which we will circulate to the Committee prior to the letter going out.

Mr F McCann:

I want to make an important point, which is mentioned in the PricewaterhouseCoopers report.

The Department largely accepts that the Savills report is the way forward. I do not think that that was ever really accepted by the Assembly. As a matter of fact, the previous Minister said that he would not be minded that way. The Savills report has, near enough, been the rule that the Department has been running with, but it downgrades the level of maintenance that goes so. To aspire to the decent homes plus standard is probably the best way to go. One of the things that the Savills report said was that we over-maintain our housing stock. We should be proud that we do that. The point that PricewaterhouseCoopers makes would be fairly relevant.

The Chairperson:

OK. Are we content to move forward on the basis that we invite members who have specific points of concern, observations or otherwise to speak to the Committee officials after the meeting or later this afternoon? The officials will seek to incorporate those points into the bullet points if they are not already covered. They will issue members with a revised draft response. On the basis of no disagreement with that, it will be issued to PWC. I remind members that we will meet the Minister shortly. The views that he expresses or the proposals that he wishes to make on behalf of the Department will go out to consultation. Members will be engaged in that process.

Is that fair enough?

Members indicated assent.

I thank the officials for the work that they are putting in. It is difficult enough to encapsulate the points that people are raising.