



Northern Ireland
Assembly

Committee for Social Development

OFFICIAL REPORT (Hansard)

Housing Executive: Ministerial Briefing on
Fundamental Review

17 January 2013

NORTHERN IRELAND ASSEMBLY

Committee for Social Development

Housing Executive: Ministerial Briefing on Fundamental Review

17 January 2013

Members present for all or part of the proceedings:

Mr Alex Maskey (Chairperson)
Mr Mickey Brady (Deputy Chairperson)
Ms Paula Bradley
Ms Pam Brown
Mr Gregory Campbell
Mrs Judith Cochrane
Mr Michael Copeland
Mr Mark Durkan
Mr Fra McCann
Mr David McClarty

Witnesses:

Mr Nelson McCausland	Minister for Social Development
Ms Heather Cousins	Department for Social Development
Ms Deirdre Ward	Department for Social Development
Mr Jim Wilkinson	Department for Social Development

The Chairperson: I formally welcome the Minister, Nelson McCausland, here this morning. Accompanying the Minister are departmental officials Heather Cousins, Jim Wilkinson and Deirdre Ward. Minister, I thank you and your team for being here with the Committee this morning to detail the issues relating to your fundamental review of the Housing Executive. Over to you, Minister.

Mr Nelson McCausland (The Minister for Social Development): I thank you, Chair, Deputy Chair and members for the opportunity to brief the Committee on the fundamental review of the Northern Ireland Housing Executive and the proposed new structures. I brought the proposals to the Executive, and my colleagues agreed to the further exploration of them on 13 December. I want to stress at the outset that I view this as the start of a process of discussion and deliberation, during which my Department will engage and consult widely with key stakeholders to develop the detail behind these high-level proposals and ensure that there is consensus. I am, therefore, committed to working closely with the Social Development Committee throughout that process.

The Housing Executive has a long track record, over the past 40 years, of improving our social housing stock. My proposals for the reform of social housing are about acknowledging the past success of social housing provision by clearly focusing on future sustainability and delivery for the benefit of tenants and the taxpayer.

Over the past week, since I made the written statement, there has been a lot of unhelpful, and perhaps uninformed, speculation about my proposals. In light of that, and before I outline the

proposals, let me say something about what they are not. They are not fully agreed, detailed proposals. They are a high-level vision and a strategic direction of travel, which bring to a new stage much of the discussion and debate about the reform of social housing over the past number of years. They remove the uncertainty about what we are trying to achieve and, therefore, allow an opportunity for open debate, discussion and consultation on how we can achieve that vision to ensure that we have the consensus that I spoke of. The proposals are not about abolishing the Housing Executive; they are about improving the structures for the delivery of those functions. They do not herald large-scale job losses. As I have made quite clear, the staff in the Housing Executive currently delivering landlord and non-landlord functions will still have to deliver those functions, but it will be in a different, more focused and financially sustainable structure.

The proposals that I wish to be explored and developed relate, first, to strategy and policy. The Department will continue to have responsibility for overall housing strategy, policy, legislation and funding. Such a model recognises the key role of the Minister, the Executive and the Assembly in establishing and scrutinising the overall housing strategy and the priorities for Northern Ireland. My publication of the draft housing strategy for Northern Ireland, 'Facing the Future', on 15 October, clearly shows the lead role that is expected of, and should be delivered by, the Minister and the Department responsible for housing.

Secondly, I want to ensure robust regulation and inspection of the housing sector because those are essential elements of any new structures. The Department operates a robust regulation and inspection regime that provides assurance to the Minister and accounting officer on the quality of the services provided by, and the governance of, the housing sector. I want the landlord function to clearly operate in that regime, to be subject to inspection and to be required to register with the Department, as do all other social housing providers. I propose, therefore, to expand on the existing powers of regulation to include additional powers of intervention and direction where shortcomings are found. That will be within a robust regulatory framework that provides assurances to me as Minister and, of course, to the Committee, that those social housing providers receiving public funds are operating appropriately.

Thirdly, we need a rent-setting regime. I propose that an independent social housing rent panel be established, which will agree annual rent levels within the parameters of a fiscal rent policy that will be set by me as Minister and then be subject to scrutiny by the Assembly. That is a critical issue. It is important to stress that rent policy will be set by the Minister.

Fourthly, I intend that the current Housing Executive non-landlord functions will fall under the remit of a Northern Ireland regional housing body. There are a number of key housing operations and services undertaken by the Housing Executive that will need to be delivered at a regional level. It will be a body of housing professionals and experts, providing and delivering key operational strategies and services — in effect, the non-landlord functions, such as administration of the common selection scheme; the assessment of need; the social housing development programme; the warm homes scheme; and the Supporting People programme. I am clear that those key functions will remain with the regional housing body.

The Housing Executive is classified as a public corporation. Development of the proposals will require legislative change and include consideration of the most appropriate vehicle for such a body, such as a non-departmental public body or an agency. In either case, there will be a need to review the governance and board structures to take account of the legislative changes and the new roles and responsibilities.

As for the Housing Executive's landlord function, I support the case for separating the landlord function to allow focus on that area of service provision to tenants and to ensure that the landlord function can access private funding to allow for suitable development and investment. The case for the separation of the new landlord function and the positioning of it within the housing association movement is dependent on agreement about the financial considerations, notably the reclassification of the new body being outwith the public sector.

The design process will consider how that can be achieved by looking at the current housing association model and the potential for bespoke bodies to take that forward. Another consideration is how to effectively engage tenants in the process to ensure a focus on tenant services and social housing delivery and improvement. I have no preconceptions of how many landlords there will be, as that will be subject to further analysis, including financial consideration, economic appraisals and engagement with key stakeholders.

There is also the role of the Housing Council, which was established in 1971 and is an advisory and consultative body that considers any matter affecting housing that is referred to it by the Department or the Housing Executive. The council is made up of one nominee from each of the 26 councils. In considering the proposed new housing structures, I was mindful of the need to look at the role of the Housing Council in this context, while taking into account the scrutiny role of the Assembly, local government reform proposals and the future functions of councils. We are entering a different era from the one of 40 years ago because of the devolution of powers to the Assembly, its consequent scrutiny role through the Committee and the changes in local government.

The Housing Council, in its current format and structure, is not the best model for the new system. Clearly, the Assembly and this Committee have a central role in the scrutiny of housing strategy and policy. Similarly, the landlord function will be outwith the public sector, and it will be a matter for the new board of that body to identify and select its members. There is, however, a need to ensure engagement with local government on housing matters, particularly the functions of the regional housing body. I propose, therefore, to consult on the best means to achieve that local council engagement, taking account in particular of the emerging proposals as part of the local government reform for central and local engagement and the community planning process.

My departmental officials will begin that programme of work to explore and develop those proposals. The first steps of that began only after the written statement was made. On the day of the statement, my officials held discussions with the chief executive and the Northern Ireland Housing Executive's director of personnel and management services to address primary staff concerns and to work jointly to allay any staff anxieties. Yesterday, I met representatives of the Northern Ireland Housing Executive board to further those discussions and begin the process of collaborative working on the proposals. My officials will brief the Housing Council at its next meeting. My Department will establish a programme of work to fully explore and design my proposals, and a programme of work and a programme board, including the chief executive of the Housing Executive, will be established. The first meeting of that programme board will be held in the coming weeks. I am, therefore, committed to working collaboratively on this process with all the key bodies and groups, and, obviously, the Social Development Committee is right at the heart of that. I am keen to explore all options for the delivery of sustainable social housing for tenants and taxpayers.

I am happy now to take questions, but I thought that it was important to place those particular points on the record and, I hope, address some of the issues that may be in people's minds.

The Chairperson: Thank you for that, Minister. I have just a couple of points before I bring in a number of members. I want to focus my attention for a moment or two on some of the comments that have been made about and in response to your announcement. Some, as you said, were uninformed or ill-informed. You have addressed some of those points, but it is important that we put it on the record. Some of the arguments put forward were that this is about the privatisation of social housing, that housing allocation, and so on, would be transferred to local government and that the decision has already been taken, or there is support for the idea, to transfer existing Housing Executive stock to a whole range of housing associations. My clear understanding is that none of that is factual, but I just want to make it clear. I know that you have addressed some of that, Minister, but I will just give you the opportunity to respond. Those are some of the key statements made by a range of organisations, so it is important that we set the record straight from the outset.

Mr McCausland: This direction of travel emerged from the PricewaterhouseCoopers report, which made clear that the current system — the "do nothing" option — was just not sustainable. It is a direction of travel that happens elsewhere. In Glasgow and various other places, that is the direction in which housing has moved. As I said in the Chamber and am happy to repeat, it is not about privatisation. Some comments, such as the one about handing housing back to councils, appeared in a number of speculative articles on the internet. A lengthy article appeared on, I think, The Detail website on the day before the statement was issued. I do not know where the writer got his or her ideas from because the article was so wide of the mark on virtually everything, but that is the world that we live in. We are clear that we need engagement with local authorities, but it is not a case of handing back functions to them.

You made a third point.

The Chairperson: Yes, I referred to the notion that the decision has already been taken that the housing stock will be transferred to multiple housing associations.

Mr McCausland: You are talking about the small housing associations that exist currently in Northern Ireland. Yesterday, I talked to two associations that were engaged in a process of amalgamation. Together, the two had just over 1,000 houses. Even the upcoming amalgamations will result in associations that are small in scale, whereas the Housing Executive's stock is 90,000. That is why I referred to looking at what is the best way forward. Nothing is predetermined, and it may be that we come up with a bespoke structure.

My difficulty was that we were setting out a direction of travel. It leaves 1,000 questions still to be resolved. All that we have is the direction of travel, but there is an immense piece of work, hence the programme board. I want to say in passing that the chief executive will be on the programme board. We will be drawing on wider expertise. The chair and vice-chair who are now in place have real skills and experience in that field from their work across the water. Some questions were raised yesterday about different aspects of that. We want to draw in their experience as well. Over the next while, there is a huge body of work for us, for the wider sector and for you — not that you do not have enough work to do already.

The Chairperson: Thank you for that. That is all very helpful.

Mr F McCann: Thank you for your presentation, Minister. If it is available, may Committee members get a copy?

Mr McCausland: Yes.

Mr F McCann: I have two points. We were concerned that you chose to launch this review through the press rather than coming to the Assembly. That caused a lot of concern among members. Can you say when you will deliver the statement to the Assembly? This was raised in a question put by the SDLP, but there has not been any discussion.

Mr McCausland: I am due to meet the trade unions next week. I want to come to the Assembly very quickly, but I do not have a date yet. It will be very soon.

Mr F McCann: Chairperson, you raised one of the issues. The way that the news was released added to the confusion. I realise, and understand, that most of what was contained in the statement was in the public domain anyway and had been for a considerable period. Since the previous Minister introduced PricewaterhouseCoopers into this, we all knew that this was the road that we would go down.

People have different opinions on this. The PricewaterhouseCoopers report indicated the direction of a stand-alone landlord who would deal with the 90,000 houses. However, you pre-empted the final outcome when you talked about bespoke bodies and other housing associations. That led people in another direction. Again, I have to emphasise that nothing has been decided and that everything is in the melting pot for discussion.

Mr McCausland: Yes. All of this needs to be worked through. I made the point that the design process will consider how that landlord function can be achieved by looking at the current housing association model, the potential for bespoke bodies and other considerations. There are financial considerations, and there will be an economic appraisal. You know as well as I do how government operates. All of those processes will have to be gone through. There will be a lot of engagement, and nothing is predetermined.

Mr F McCann: I have a point concerning the setting of rents. Over the past number of years, there has been some talk, discussion and rumour about the alignment of rents between the private rented sector, housing associations and Housing Executive tenants. Can you say that that will not be the purpose of any new rent panel and that it will be there to protect those who can ill-afford some of the dear rents set in the private rented sector and by housing associations?

Mr McCausland: This is not about finding some way to slap huge rent increases on people.

Mr F McCann: You know that there are different —

Mr McCausland: Yes, and that struck me very clearly in a recent example from my constituency. Half of an estate comprises old housing from the 1960s, and people pay a certain rent to the Housing

Executive. Twenty yards away, in new housing stock built by a housing association across the street, the rents are higher. There is a huge difference in heating bills between the two because the new houses are so much more energy efficient. People there may pay a bit more rent, but they get a much better product and so save money. When you look at the whole situation, there is probably not much difference.

These are areas that we need to work though. Rightly or wrongly, I went for a written statement because there was little to say other than outlining the broad direction.

Mr F McCann: Finally, and you could probably spend hours going through this, you spoke about robust regulation and inspection. I take it that that will include the private rented sector given that it is the biggest supplier to the social sector.

Mr McCausland: There are a number of types of regulation. This is about making sure that we do not squander public money and that there is proper accountability in that we keep the Department of Finance and Personnel happy, and all the rest of it. That is part of it. There is a wide range of areas of regulation. The regulation of the private sector —

Mr Jim Wilkinson (Department for Social Development): You will be aware that there have been discussions about the private rented sector. Obviously, we cannot have the same role in governance and registration. There is a specific remit for social housing providers.

The Minister recently introduced a landlord registration scheme for the private rented sector, which we hope will be up and running soon. The scheme is part of improving standards and quality in the private rented sector. We have also introduced a tenancy deposit scheme as part of the housing strategy.

You asked what more we should be looking at, and I know that the Minister has asked officials to explore recent developments in GB, where some councils are looking at private landlord licensing. We have also been looking at minimum standards for housing as part of the housing strategy. All those add up to the regime within which the private rented sector operates, although the landlords are private, whereas the social rented sector is charity based and must be statutorily registered with the Department.

Mr F McCann: I understand that, Jim, but remember that well over £100 million a year goes into the private rented sector, so there has to be some control over it. People are being abused by unscrupulous landlords, and the only way to combat that is to use housing benefit money to ensure that they are pulled into line.

Mr McCausland: In the debate the other day about licensing, I picked up on a point that Judith Cochrane made, and I said that we needed to get to the point where the private rented sector is seen as an attractive option. What do we need to do to achieve that? We have talked face to face about antisocial behaviour and how shifting it from social housing into the private rented sector creates a problem. We need to make sure that, right across housing, all these options are attractive to people and that they get the service to which they are entitled.

We have not worked through all that needs to be done in the private rented sector, but the questions have now been raised. The registration scheme was the first stage; now we should look at licensing and at what else needs to be done.

Mr F McCann: I just want to pick up on that comment. We have lost opportunities. We discussed the Minister's introduction of the deposit scheme. The registration scheme came on the back of work in the previous mandate, mostly by this Committee. We said that the sooner it was introduced the better, but it is flawed and not strong enough. During the recent debate, we said that a private tenancies Bill was welcome and would have more teeth when it came to inspections. However, the inspectors say that it is not strong enough to allow them to deal with many of those who provide bad housing.

Mr Campbell: I have several points to make, Chairperson. Thank you for coming, Minister. Obviously, there was great interest in the story when it emerged, but I noted your comment that there was reaction online even before you issued the written statement. So there was publicity anyway, whatever route you took.

There is interest among tenants, obviously, and employees. If we take into account the 2,000 plus currently employed by the Housing Executive and look forward to the various bodies that may emerge, is it possible at this early stage to determine whether the number of employees will be about the same, or will there be a reduction? If so, by approximately how many?

Mr McCausland: The Housing Executive employs 2,800 people. We are going through change in a number of areas right across government, such as local government, health and education. Change is bound to have an effect, but the reassurance that I give to you and will give to the trade unions directly is that all the functions that happen now will still have to happen. It will require the same amount of time for someone to carry out a function in future as it does now. It will require roughly the same number of people. However, it would be premature to speculate. Until we know the detail of the new structures, we cannot put exact employee numbers against them. I emphasise that this is not about cutting jobs, as I will tell the unions directly. The core functions will still have to be done, and that will require roughly the same number of people.

Mr Campbell: That is reassuring.

The next issue, which was mentioned previously, is rent levels. I take your point about a much better and more modern environment, possibly leading to reductions in heating bills that will offset higher rents. Overall, people are interested in the ongoing levels of rent beyond the establishment of the new body. Are you able, at this early stage, to indicate whether, in the two- or three-year period post the shakedown, there are likely to be rent freezes or increases in line with inflation? People are looking for reassurance that there will not be inflation-busting rent increases post the change.

Mr McCausland: As the member will be aware, annual rent increases have been a feature of social housing over many years. That needs to happen to maintain standards. Future rent levels will need to be better aligned to plan investment and funding requirements. We need to have some convergence over a period, and this will happen over a period. It is not the case that when the change comes, people will suddenly face huge increases. As I said, the modest increases over many years are necessary to maintain standards, and I anticipate that that will happen. We have not yet worked out the policy and framework within which the new rent advisory panel will work. Until all the investment calculations, and so on, have been done, I cannot give definitive answers about the longer term. I hope that —

Mr Wilkinson: It is worth saying that there is widespread experience across the rest of the UK of this sort of activity. Usually, part of any engagement with tenants about new bodies has involved providing some assurance about rent levels and increases for a certain period, usually between three and five years. We certainly seek to learn from best practice elsewhere. We anticipate that, in setting in place all the mechanisms, the new bodies will have looked at their finances and agreed a position so that they are able to give some confirmation of rent levels to tenants.

Mr Campbell: I am setting aside the current welfare reform for a moment. When I was out and about last week, a couple of people said that for those in social housing who are dependent on welfare, it does not really matter what the rent is set at. However, the people speaking to me were in employment that brought them just above the level at which they would receive any assistance with rent. That meant that any 5%, 8% or 10% increase in the next two or three years would hit them particularly hard. It would not really matter to the people living next door because they did not make any contribution to rent. That is a concern among the working poor, as they are sometimes called.

Mr McCausland: At present, the increase tends to be at the level of inflation plus 1%. I was talking to folk from another housing association yesterday. Even among housing associations, there are huge variations in rent. I was surprised by the extent of the difference in some cases. Jim made the very important point that we will look at how it has been done elsewhere and at what lessons we can learn, not just about the new structures but about the practical and pertinent issue for people of rent increases. At the moment, it is inflation plus 1%.

Mr Campbell: I have one final question. The Housing Executive has been about for over 40 years, and one of the elephants in the room, from long before your time, was that, for a very large employer — its staff was 3,000 and is now 2,800 — there was a significant under-representation of the Protestant community for decades, not just for a year or two. That was at a time when there were all sorts of mechanisms to prevent such under-representation, and we should have ensured that that did not happen. Can we be assured that some of the good work that has begun in the past few years will continue, because some of us have worked very closely with Housing Executive personnel to try to

make it come about, and that there will be no going back to the bad old days when there was a significant under-representation that was not addressed for decades?

Mr McCausland: I agree entirely with the member. It is important that we have a fair and equitable society, and there has been improvement in the Housing Executive in recent years. I welcome that. The Equality Commission could maybe learn from the Housing Executive in that regard. I agree that that work needs to continue.

Mr Brady: Thanks very much for the presentation, Minister. For people at the end of all this, one of the main outcomes has to be that housing is provided on the basis of objective need. Recently, for a lot of people, that has not proven to be the case with the common selection scheme. So the provision of housing on the basis of objective need has to be one of the ultimate outcomes of any strategy that you put forward.

People have talked about staffing, and you said that you met the chief executive and the head of human resources, who told you about the fears of staff. In my experience, when I talked to staff just after your written statement came out, those fears had not been allayed. The word "rationalisation" has not been used yet, but, for most people, it is a euphemism for "cuts". People need to be reassured.

On the day of your statement or just after, the media was almost saying that the housing associations had provided cheap social housing when, in fact, as has been pointed out, their rents are higher than those in the Housing Executive. Fra mentioned the harmonisation of rents, and that is an important issue. Ultimately, the most important issue is the provision of social housing according to objective need. That has to be made very clear, and more effort should be made to allay the fears of staff. Staff morale is low in a lot of statutory organisations because it is a difficult job. In the Housing Executive, more recently, morale has become lower. Provision needs to be made to allay those fears.

Mr McCausland: I have written a letter to each member of staff in the Housing Executive to set out the broad principles. We will meet the trade unions next week. When change is announced, people become concerned, and it takes a while for people to get acclimatised, settle down and come to a better understanding of where it is going. It will take a wee bit of time to do this, but every effort will be made and is being made to communicate directly as best we can. John McPeake in the Housing Executive wrote to every member of staff, but it is important that I write as well. We will do all that we can.

When I have talked to people in the Housing Executive, over the past six months in particular, there has been concern and uncertainty anyway. At least there is now a bit of clarity. The architecture is clear, but it has to be fleshed out and the building around it filled in. We do not have full clarity, but at least they know now the shape of the future. So I hope that that removes some of the concerns that may have been unfounded.

Mr Brady: On the provision of housing on the basis of objective need?

Mr McCausland: Yes. I have already said that that is quite clear.

Mr Brady: You are sure that that will happen?

Mr McCausland: Yes.

Mr Durkan: I thank the Minister for coming today and for his presentation. I think that the manner in which the original statement was made, and the lack of detail therein, made speculation inevitable. I am aware of one journalist who contacted the Department's press office and said that he was going to use the word "abolition" in describing what was happening with the Housing Executive, and nothing was done to put him off that notion.

Mickey just made a point about the allocation of housing in accordance with need. It is vital that that is retained, whatever shape or form the regional housing body takes. I am glad that the Minister met the Housing Executive yesterday and that he gave assurances about staff. Staff morale is extremely low. In my opinion, jobs will inevitably be lost with the advent of universal credit. People working on the housing benefit side will lose jobs. However, for those who might be lucky enough to move over to the new organisation or organisations, will the Transfer of Undertakings (Protection of Employment)

Regulations 2006 (TUPE) apply? Will their pensions move with them to the new organisations? Jobs may be carried over, but will those benefits? The accrued benefits of staff should move with them.

Jim referred to similar situations in the UK, where engagement took place with tenants when there was a change of landlord. I am aware that, in many of those circumstances, a tenant vote takes place. Is such a thing likely to take place here when a landlord changes, and, if so, who would be responsible for the management of the vote? Would it be the Housing Executive, the Department for Social Development or the new landlord?

There has already been a transfer of some housing stock to housing associations and others are in process. Will that now stop while these proposals are being worked out?

Also, I would like to commend the Housing Executive on the work that it does in the community. Its community engagement is second to none and certainly puts a lot of housing associations — most of them — in the shade. I wonder what work will be done with the new organisations to ensure that the valuable contact that it has with us as elected representatives as well as with other community groups is maintained.

We have spoken solely about the Housing Executive stock of 90,000 properties. What will become of the other assets of the Housing Executive? Will the land be transferred to the new landlord or housing authority, or will it go back to the Department?

Every member, thus far, has touched on the matter of rents, and obviously that will be of most immediate concern to Housing Executive tenants. I agree with all the concerns that have been expressed about an increase in rent. I accept that you, or whoever the Minister may be when this comes about, will be in charge of setting rental policy, but I believe that there should be some input from democratically elected politicians into the annual setting of rents so that it can be more reflective of and responsive to real-time conditions.

Mr McCausland: You made eight points there.

Mr Durkan: I had to score out a few.

Mr McCausland: Let me just say that the point has been made already by Gregory that people were speculating with absolutely no knowledge and totally without foundation. Sadly, that is sometimes a feature of the media, including the online media.

You made a point about a lack of detail. There is still a lack of detail today because all that work is still to be done. There is no way round that. If I had set out the detail, it would have meant that I had predetermined everything. Until we have looked at different models, at finance and economic appraisals, and so on, we will not be in a position to fill in all the detail. What we have is a general line of travel.

Yesterday's meeting with the Housing Executive was very good. I did not get a sense of any real criticism at all from the questions that were asked. There were some minor points about teasing things out, but there was general acceptance. A couple of very good points were raised, which we agreed with. I thought that that was particularly helpful.

The transfers currently taking place will continue. We are dealing with a modest number of a few thousand out of a stock of 90,000. It would be wrong to allow people to continue to live in conditions that are just not acceptable today.

Mr Durkan: At Rinmore Drive, for example.

Mr McCausland: Yes, Rinmore Drive. We are beginning to identify a range of properties that I want brought up to standard ASAP. We will not hold back on that; we will move ahead.

Engagement and consultation with tenants are critical. It is essential that any new landlord who is taking over properties gains the full support of tenants. All changes to legislation will require consultation and engagement. Central to all of this is that we need to work together to move forward.

Other assets, including land, will remain with the regional housing body, because some of that land will be needed for future development.

Jim Wilkinson will address the TUPE issue.

Mr Wilkinson: There are two elements to the TUPE issue. The first is that all employment law rights would apply. Secondly, there has been a lot of engagement with the trade unions across the public sector, and reforms have happened over the past number of years in health, education and local government. There is a portfolio of experience and principles that we will seek to draw on for best practice.

The pensions issue is interesting. It is very relevant to the idea that a landlord would be in the housing association movement, because that movement is authorised to participate in the current pension scheme that applies in the Northern Ireland Local Government Officers' Superannuation Committee scheme. As it is a participating body, it is able to continue with that pension scheme.

Mr Copeland: Thank you, Minister. I suppose that, in the final analysis, this will be judged on whether it provides a different or better body that will lead to improved maintenance of the stock and to the building of new stock at less cost to the public purse. That is a very difficult task. I fully understand that, and I have some sympathy for you.

There is the question of what constitutes an asset and what constitutes a liability. There are 90,000 homes, which many people would see as an asset. However, because of the substantial investment needed to bring them up to standard and maintain them, they may be closer to being a liability. There may be charges on those homes, possibly arising even from the date of construction. Mark Durkan, quite properly, asked about assets, but I am more concerned about how you will deal with the liabilities and debts. They have to go somewhere, because they are real.

I also stress that, for the people who use the system — the applicant and his or her family — and particularly for people like us, who, quite regularly, in my case, advocate for them with the Housing Executive and associations, the thing about the Housing Executive is that, no matter which office you phone, generally, there is one person who is the manager and has been there for quite a long time, a housing allocations officer and a maintenance manager. The process seems to be the same, whether you speak to them in east Belfast, south Belfast, Carrickfergus or wherever. In east Belfast, we have the Housing Executive and a number of housing associations. The housing associations all appear to have a different way of going about doing what is, essentially, the same thing. That non-standard approach confuses the issue in many ways. I am trying to get my mind round whether the Housing Executive will, effectively, become a sort of new housing association from within itself, or whether the housing associations will feast off its carcass. It strikes me that we are looking at something separate from everything that exists currently, separate not only from the Housing Executive but the associations. That goes some way towards addressing some of the concerns that I had.

Someone spoke about rent equalisation. You mentioned that, currently, it is the rate of inflation plus 1%. You will be aware that there are several measures of inflation. The measure of plus 1% will remain the same. In other words, there will be no change in the measure of inflation that is used to which that 1% is added because the outcome might be slightly different.

Mr McCausland: We have used the same measure of inflation over the past —

Mr Copeland: So that will continue?

Mr McCausland: Yes.

Mr Copeland: I have often felt that the apportioning of housing satisfies housing need, but it also has a broader implication for the communities in which the houses are allocated. In my constituency are Braniel, Tullycarnet, Cregagh, Ballybeen and other smaller local areas, such as Beersbridge and Albertbridge. The perpetual cry from people is that they cannot get houses where they were brought up. Can any mechanism that does not diminish need take into account the long-term effects of building stable societies in which families live in proximity to one another? Can association with a district that creates social cohesion in the area be, in some way, factored in? There is a long-term gain with that, but it sort of goes against need, as expressed by the homeowners mortgage support scheme.

Mr McCausland: Certainly, there is a strong argument for a range of reasons for building stable communities. However, the fact is that, here in Northern Ireland, we have calculations that take place

in the Housing Executive about how many houses will be built in different areas. How it works is like one of the mysteries of the universe. I spent most of a morning —

Mr Copeland: It is rather more complicated.

Mr McCausland: It is. As someone who taught mathematics at one time, I was still baffled at the end of the morning. It is incredibly complex. Even some officials were baffled that morning when the Housing Executive went through the entire calculation. I suspect that nobody around the table is fully au fait with all its calculations, nuances and complexities. That task will transfer from the executive to the regional body, but we have not looked at that yet.

Mr Copeland: Lastly — you have been very patient — will a mechanism exist to allow the new body to acquire, through the existing satisfactory property scheme, properties that may become available? In other words, the body and all its environs may start off with a stock of 90,000. It may be allowed to build houses. Would it also, perhaps, be allowed to acquire, purchase or subsume some of the smaller housing associations — in other words, this process in reverse — rather than housing associations' acquiring Housing Executive stock? Will whichever new body comes into existence also be permitted — possibly through existing satisfactory purchase, which is, given total cost indicators, and so on, extremely complex — be able to acquire stock from existing social housing stock?

Mr McCausland: I will go back to your earlier point: at present, research is being done on the common selection scheme in order to gain a better understanding. It is complex.

Mr Copeland: You are talking to the converted.

Mr McCausland: On your point about acquisition, as I said earlier, two housing associations could come together and still have only 1,000 houses between them. We have housing associations here with a couple of hundred houses. The Housing Executive has a stock of 90,000. All that I would say, again, is that there is no predetermined outcome.

Mr Copeland: That is fine. I understand that. I welcome it.

Mr McCausland: If you were sitting on the board of a housing association, would you want to be taken over by a significantly larger body?

Mr Copeland: There are certain occasions when I would have to say yes and, probably, occasions when I would say no.

Mr McCausland: Have you joined the Alliance Party?

Mr Copeland: The issue, essentially, is the number of properties divided by the number of people employed or required to service them. Just under 3,000 employees and 90,000 stock is a fairly good ratio in my view compared with that of some of the associations. So there are elements of the Housing Executive model that it is important to retain.

Mr McCausland: The housing association sector needs to be challenged just as much as every other sector. I challenged it on the number of houses being built, so that we do not get into a position in which the Housing Executive comes and tells me that it is handing back money. That challenge must be put directly to the associations and the executive.

MLAs have come to me to ask about consultation with housing associations — the extent of it, the nature of it, when in the process of acquiring developments it happens, and so on. We are looking at the Housing Executive and at what needs to be done with the private sector. Every area of housing needs to be kept under constant review.

The Chairperson: OK. Thank you. No other member has indicated that he or she wishes to speak —

Mr F McCann: I just want raise a thought because it has not been mentioned. It relates to the strategy from last year. A number of years ago, John Semple produced a document on housing that contained quite a number of recommendations. He talked about mixed tenure housing as the most

sustainable way of moving estates forward. Particularly in estates where there was antisocial activity, there was some proof that mixed tenure actually worked.

The other issue is developers' contributions. That has not been completed. It is also an issue that has been talked about for quite a number of years. What happens to historical debt that is with the Housing Executive at present?

The final issue to take on board, which has been touched upon, is that the Housing Executive has spent a lifetime building up a connection with the people to whom it rents houses. Housing associations are aloof from most of their tenants. We need to get it right. I always say that our task now is to set housing on a platform for the next 40 years. If we get it wrong, we will have done a bad job. If we remove the community cohesion that exists in social housing, we will have lost a lot.

Mr McCausland: Fra McCann is absolutely right. There is an opportunity here to get this right for a long time. As members have identified, there are things in the present system that are not as they should be, and problems arise. Otherwise, I would not have people coming to my door raising problems and issues. There are things that need to be worked on. There is a huge opportunity and, with it, a huge responsibility.

I am working backwards here. If people are aloof, they should not be. I agree that there should be a good relationship between housing associations and their tenants, and, in some cases, there is. I can think of a number of areas where there is very good engagement, and local residents' groups have regular meetings with the housing association. In other cases, it is not so good. That is why I said earlier that we need to look at all of areas of housing, including associations, to ensure that they are as good as they can be. I have to say that the new chief executive of the federation is very conscious of that. We are working closely with the federation. We want to try to, I suppose, improve — yes, improve — the housing associations. In every area of life, there is opportunity for improvement.

I agree entirely that mixed tenure is good. If housing associations can develop a mixture of social housing and affordable housing, and so on, again, all of that is good.

On the issue of historical debt, I think that the financial aspect of all this is still to be worked through.

Mr Wilkinson: The financial aspect is one of the critical elements. Ultimately, at the heart of this decision is being able to say that the landlord or landlords of this stock must be able to borrow against it because that is not the case at present. There must be the ability to have a financially sustainable model that looks at rents, repairs, maintenance, building and investment. So the entire financial portfolio will be critical. That is the case.

The Chairperson: Sorry, Minister. Michael, you are looking at a small point.

Mr Copeland: I understand. I can talk to the Minister in the corridor.

The Chairperson: Are you happy enough with that?

Mr Copeland: I am happy enough. Yes, indeed.

The Chairperson: Thank you. No other members have indicated that they have questions. I think that we have covered a fair bit of ground today. Minister, Jim, Deirdre and Heather, thank you for coming along this morning and dealing with as much as you possibly can. We appreciate your honesty in telling people clearly what this is not about and also the opportunity that it provides us with to go forward into the future. You have outlined some of your engagements in the next days and weeks, and, of course, you will come back to the Assembly in due course. Thank you for your presentation this morning.

Mr McCausland: Thank you very much.