



Northern Ireland
Assembly

Committee for Social Development

OFFICIAL REPORT (Hansard)

January Monitoring Round: DSD Briefing

9 January 2014

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 Jim Allister
Ms Paula Bradley
Mr Trevor Clarke
Mr Stewart Dickson
Mrs Dolores Kelly
Mr Fra McCann
Mr Sammy Wilson

Witnesses:

Mr Andrew Hamilton	Department for Social Development
Mr Stephen McMurray	Department for Social Development

The Chairperson: I formally invite Andrew Hamilton and Stephen McMurray to come forward. I remind the Committee that this briefing had to be postponed on 12 December and that the return to DFP has already been made and is included in your pack along with briefing that was originally provided by the Department.

I invite Andrew and Stephen to take the Committee through the monitoring round report.

Mr Andrew Hamilton (Department for Social Development): Thank you very much, Chairman. You know Stephen, who has been before the Committee many times before. As you said, because of the deferment of our original scheduled date with you on this we have made our submission to DFP. That being said, if there are any messages that you want to send back, I will make sure that DFP is made fully aware of those after today's session.

There has not been very much change since our previous submission to you, but I will go through it and highlight where there have been changes.

The first item is the reduced capital requirement of £8.93 million. The major part of that is the clawback of funds that were previously given to Helm Housing to take forward housing development in Great George's Street. That development has been stuck because of planning issues. Where developments that we have provided funding for do not take place, our rules provide for the clawback of the moneys. We have had to trigger that. This is really an accounting issue: we have to recognise that in our accounts and we have recognised it as a debtor in our accounts. We will agree how the cash comes back to us from Helm Housing in a way that does not stabilise that organisation.

However, from an accounting point of view, there is a reduced requirement of £8.1 million in our accounts this year. We are handing that back to DFP.

There are also a couple of other smaller capital items. Those include £600,000 of housing association grant receipts that were unutilised. We are also giving that back. There is also a small saving of £230,000 on the capital costs for the systems for the landlord registration scheme for the private rented sector that is due to start shortly. Those three items amount to £8.93 million.

I will move on to the reduced resource requirements. The Committee has already referenced the planned maintenance issue. The Housing Executive is declaring total easements of £7.46 million, £5 million of which is planned maintenance associated with the delay and the fact that that issue has not been resolved. The £1 million is savings on grass maintenance contracts because it got much more competitive prices than it anticipated, and £1 million of additional interest has been accumulating because money has not been spent. In addition to that, formally, we have to repeat the easement that we identified in the October monitoring round. It was not taken back at that time because we were hopeful of utilising that for the buy-back of houses. In the event, we could not make that work from an economic and value-for-money perspective. The business case did not stand up, and so the easement is now formally returned. Those are the main issues.

There are some technical issues such as the need to move money into the proper budget line for the Housing Executive's sourcing of benefit admin costs. That has traditionally been funded from other sources in the Housing Executive budget. We are transferring the money, and so it has no impact on spend. There is a technical accounting issue about the reclassification of resources associated with IT. We hold those resources in a revenue line, but the accounting standards require us to capitalise some of that and treat it as capital. So, we need to reclassify the £1.5 million resource from revenue to capital.

Earlier, we alluded to a non-cash issue associated with affordable home loans and empty home loans of £3.32 million. That is a sort of technical issue, and we have to reflect in our accounts the fair value of the loan. It is an interest-free loan that is paid back over a number of years. We have to take account of the time value of money. So, the fair value is a lower amount of £3.32 million, which is a cost. When we put our submission in, we assumed that that cost would fall in our departmental expenditure limit (DEL) resource, but, in fact, that has been clarified and it will be treated as annually managed expenditure (AME). So, that bid falls away. We will not be submitting that bid.

The final issue is a small non-cash requirement from the Social Security Agency associated with adjustments to depreciation and impairment costs associated with a five-year review of the value of land and property holding. That is just a technical issue as well.

I have run through those quite quickly. You might want to raise some issues with us, and we will be happy to take any questions.

The Chairperson: OK, Andrew. A number of members want to come in on this. I will make some points before I invite other members in. We have been told this morning that £10 million has formally been lost to the social housing programme and a further £7 million lost to the maintenance scheme. That is a total of £17 million. That is on top of all the money that was lost to the social housing programme last year, which adds up to, if I remember correctly, something like £50 million-plus. It is maybe £70 million. I might be wrong on that. Every member around this table represents constituents who are in need of homes and who need homes repaired and maintained. At the start of the new year, we are now being told that we have lost £17 million. I know that it goes back to last year, but it is absolutely and utterly unacceptable.

Mrs D Kelly: I echo that. I fully anticipate coming to the Committee to hear that there is a requirement for additional funds to be sought in the monitoring round, given the spiralling waiting lists for social housing and repairs and given the high levels of fuel poverty. I think that it is a damning indictment of the Department and indeed of the Housing Executive that in another monitoring round we are seeing the return of funds that are needed, not only by people who are suffering horrendous living conditions, but by a construction industry that continues to be depressed. I would like to know exactly why this has happened and how the Department can stand over the continued return of money to DFP. Why have you not been able to get your act together to ensure that this money is spent?

Mr A Hamilton: Do you want me to deal with that now, Chair?

The Chairperson: I am conscious that there may be a number of people who want to ask similar questions. I wonder whether we should take a number of questions, but if you just answer now, Andrew, and we will take one member at a time.

Mr A Hamilton: To be clear, what we are handing back in capital terms is not associated with social housing. It is the clawback. We will have given money to Helm five or six years ago for a scheme that has not taken place as a result of planning issues. That is the reason why we are handing that money back. It is not associated with the social housing programme as now.

Mrs D Kelly: Chair, I do not accept that.

Mr A Hamilton: Let me just say something that I did not say to you before that I perhaps should have done. We propose to utilise our resources in the way that you suggested in that, to make sure that the resources are used to address housing need, there are some easements in our system that we have recycled. We propose to allocate a further £10 million to the co-ownership scheme where there is a huge demand.

The Chairperson: But Andrew, what we are dealing with here is not the clawback from Helm: we are dealing with the £10 million proposed buy-back scheme that we were notified of here in October and were given cast-iron assurances about, if I remember correctly, because people were asking what areas those houses would be bought back in and whether they were in areas of high demand or need and so on. There was quite a lot of discussion and debate around that, and we are now being told that that scheme cannot go ahead and that £10 million has been returned and is lost.

Mr A Hamilton: Yes, I understand now what you are saying.

Mrs D Kelly: That is right, but also there should be a plan B in relation to the clawback from Helm. I would have thought that there are already schemes throughout the North. In north Lurgan alone, there are 400 people on a housing waiting list, and that is in one tiny part of Lurgan, yet you are telling me that we are handing more money back. With all due respect to the importance of putting more money into affordable housing, there are a lot of people who want social and public housing.

Mr A Hamilton: I understand the point that you are making. We had hoped to be able to make the case to utilise that £10 million on a buy-back scheme. We did our business case and we presented the arguments for it and, yes, it would have been a good use of the money, but when you stack it up against whether it is an effective use of the money, DFP colleagues would have taken a view that we could deliver more social housing through the social housing development programme where housing associations are raising part of the money privately rather than being fully funded publicly. Under the scheme that we were proposing, we would have been financing 100% of the costs rather than 50% of the costs and the case fell for that reason. We have got a responsibility here to deliver not only more housing —

The Chairperson: But Andrew, the upshot of that is that is that you are saying and DFP is saying that that will not stack up because it would be better done by way of using housing associations. The end result of this is that it is not being used by anybody. It has been given back so it is completely lost.

Mr A Hamilton: It is not lost to the block.

The Chairperson: But it is lost to housing.

Mr F McCann: It is lost to people in hostels and on waiting lists.

Mr Wilson: This is a recurring theme with DSD and has been for the last number of years, that, coming up to the end year monitoring rounds, substantial sums of money are given back. There is an impact on what you do with the money and how you ensure that it is not lost to the block and allocated to other spending. At this time of the year, Departments are told time and time again that if they are not going to spend the money to give early notification that they are not going to spend it so that we do not get huge amounts being given back at the end of the year. What worries me in this is that we are going into discussions — there is a paper later about the next Budget period — and I have to say that I think that DSD will have a very difficult case to make when it comes to arguing for additional resources when we are looking at the 2015-16 Budget, given the record of underspends and inability to spend resources. Leaving aside the detail of this, I think that the politics of giving money back continually

and not being able to ensure that the resources that have been allocated in the first place are spent does not strengthen your hand for Budget negotiations in what is going to be a fairly tight Budget the next time round.

Just on the specifics, with regard to the money that has come back from Helm, maybe you can just clarify for me that it got the money to purchase the land. Presumably, it was purchased on the basis that the contract would be signed only if planning permission were granted. It was subject to planning permission, and the planning permission did not come through. Given the fact that planning problems around this site have been known for some time, how has it only come to light now that this would become an issue of money having to be surrendered? Knowing that there were planning problems for the past couple of years, had the Department not sought advice as to how the money, if the site could not be purchased, was to be treated? That is the first question.

The second question is on the planned maintenance. The figure that we have here is £7 million, though, I think, Andrew, you had said £5 million. Maybe you can tell us what the right figure is. What are the contractual problems with the planned maintenance contract at present, which has meant that we are now surrendering £5 million or £7 million, or whatever it happens to be?

The third question is on the buy-back scheme. I asked the last time whether we were sure that we could spend £10 million, given the length of time that it takes to get — we had not even identified the houses at that time — houses identified, contracts signed, all the conveyancing done and everything else. Could we get it all spent in this year? In September, I was fairly sceptical that we could actually do it, and the assurance was given that we could. Now, it appears that there is something even more fundamental, and it is not even the logistics of getting the houses transferred, but that, before the money for the scheme was bid for, we had not even put a business case that DFP could look at. What you are saying to me, and what you have said to the Committee here this morning, seems to be a step back; that is, is it good use of public money for 100% of the cost of a house to be paid for by the Housing Executive, rather than build a new house where we are only paying 40% or whatever the grant is? Surely, that kind of issue must have been discussed with DFP before the bid was ever made. Why has it only come to light now?

Mr A Hamilton: I will deal with those three issues. With regard to Helm, there is a judgement call as to when we would recognise and trigger the clawback. I see the legitimacy in your argument that we could have done it earlier. I suppose that we were hoping that, at some point, those planning issues would have been resolved to the satisfaction of all parties, which would have allowed the project to go ahead. However, in the end, we took the view that we have to regularise this, recognise that it is not going ahead and trigger the formal clawback.

Mr Stephen McMurray (Department for Social Development): May I add to that? From a technical accounting point of view, you recognise it in the accounts when it is quite certain that the money will come back. We could not recognise it in our accounts as a debtor and, hence, declare the money to DFP until, accounting wise, there was a higher level of certainty over the possibility of getting the money back.

Mr Wilson: When was Helm aware that there was absolutely no chance of planning permission being granted on the site?

Mr McMurray: I am not sure.

Mr A Hamilton: I do not have that detail with me, but we can get it to you.

The figures that I gave you on the position on planned maintenance are correct. The total easement that the Executive declared is £7 million, but £5 million of that relates to planned maintenance. The other £2 million is explained by savings on grass maintenance contracts. Given that the money in planned maintenance is not being spent, the cash has been accumulating in the bank accounts and generating more interest, so there is £1 million of interest, which is also being declared.

The issue on planned maintenance has not been fully resolved, but I think that the parties are getting closer. There were meetings before Christmas, and there will be a further meeting next week. Hopefully, a mutually satisfactory position will be worked out at that time.

The reason why the money has not been spent is that the new contracts have not been signed because of that issue. However, we have moved to a situation where the Executive have awarded, or

appointed, people to the framework. There is the standstill period of 14 days, which I think expired at midnight last night. Subject to no appeals, they will move forward to sign the new contracts so that the work can start. It will be a few months before that actually happens, but, hopefully, the work should start flowing in the new financial year. As I said, there seems to be a meeting of minds between the parties, and they are edging towards a resolution of the issue to the mutual satisfaction of both parties. That is where we are on planned maintenance.

When we looked at the buy-back scheme, we thought that it was a good way to use the money, but once we got into the detail of it and into making the case for it, it fell on the grounds of the value-for-money test, as I said. There were issues about the Housing Executive's ability to deliver the totality of what it was saying, and, certainly, we were challenging ourselves internally on that. I suppose that, in the final throes, we were moving towards a smaller scheme, with any additional resource that was not utilised being allocated to the co-ownership scheme. That is where we were internally on the issue, but in the event, the whole scheme fell because it failed the value-for-money test.

Mr Wilson: Andrew, the point that I was making, however, was that the issue that you raised this morning about whether it is value for money to pay 100% of the cost of a house or to get a housing association involved, whereby we grant aid only 40% or whatever it is, is a fundamental issue. It is an issue that, you would think, DFP would have dealt with before this came near the Committee and before you got down to the detail of thinking about what houses, what kind of houses, where you are going to get them and who you are going to deal with, etc. You are telling me that it was never mentioned in September. In September, it was all about the logistics of whether you could identify the houses and then get the contract signed before the end of the year. Why was that fundamental issue never raised? It was never raised with us. This is the first that we are aware that that might have been an issue with the scheme. When was it first raised with DFP?

Mr A Hamilton: That emerged from our discussions with DFP. There are always two sides to the equation: the costs and the benefits. There were benefits associated with the 100% buy-back, such as environmental benefits. You could have had an area or housing estate blighted by properties that were not properly maintained. So, the investment of public resource would have produced benefits. At the end of the day, though, a judgement has to be taken on whether those benefits are greater than the cost and whether there is a positive outcome.

Mr Wilson: With due respect, Andrew, that was never the scheme. It was to be a purchase of houses in areas of high demand. I doubt that you would find areas of high demand where there was widespread blight. It was never presented as a regeneration scheme; it was presented here as a way to deal with housing shortages in areas of high demand where the Housing Executive did not have sufficient stock and housing associations did not have any stock. So, that is not an explanation of why these things were balanced out. There seems to be a fundamental flaw here. All that I am saying is this: had we known in September that the money would not be spent, Co-ownership, of which I am actually a big supporter, could probably have steamed ahead far more in the intervening period, rather than now trying to spend £10 million in the remaining couple of months of the year.

Mr McMurray: We said to the Co-Ownership Housing Association that there was a good likelihood of money coming through to allow it to have done a bit of work in previous months.

The Chairperson: You would accept that, throughout all of last year, Co-ownership was, continually, the beneficiary of windfalls at the expense of meeting housing need. They are different things. I support Co-ownership as well — I have no difficulty whatsoever with that — but we have repeatedly made it clear that it does not address housing need. It is too easy for the Department to come here and say, "We have an easement, so we will give it to Co-ownership". That is not good enough. It does not meet need. That is what you have to address.

Mr F McCann: I have raised the point a number of times that Co-ownership has its own niche in housing provision. Let us face it: we are talking about 1,200 applicants for 200 houses. Look at the other side, which is that 20,000 people a year are declaring themselves homeless. Of them, 9,000 are accepted as being homeless. Nothing is being done to deal with the difficulties and problems that arise. Nothing is being said about ensuring that easements or additional money are put into building houses to deal with that. Alec made the relevant point that nothing is being done to deal with need. Over the past several years, how much has been given to Co-ownership in total, including additional money or grants to build houses?

Mr McMurray: Off the top of my head, the budget was in the region of £10 million or £15 million.

Mr A Hamilton: The budget was £25 million. That has been increased by £15 million, I think, this year.

Mr F McCann: So, that is £40 million this year.

Mr A Hamilton: I would make the point that it is not a question of either/or: we have our Programme for Government target for social housing. It is going to be met.

Mr F McCann: It is a minimal target.

Mr A Hamilton: Where we can, we pump-prime the sector. We facilitate the advanced land purchases and all the rest of it, so that housing can go forward. There is a gestation period here. You cannot just turn it on like that; it takes 18 months to two years from start to finish. However, we recognise the point that you make. It is important for us to say that.

Mr F McCann: What are you doing about it?

Mr A Hamilton: We want to see more social housing. We know that we are falling short of the need. We are doing what we can to address that.

Mr F McCann: Sammy raised the issue of planned maintenance. People live in houses that are in dire need of maintenance programmes. Time after time, we have been told here that we are coming close to a solution to that, but it does not seem to be any closer. As a matter of fact, a couple of months ago, Sammy or somebody raised the question of the amount of money. When somebody applies for a contract, they go in at 30% under to get the contract. We were told that we were reaching a position at which that would be cleared away. It does not seem as though we are any closer to being able to resolve that matter.

Mr A Hamilton: There has been a step forward in the past month or so. We have got to a position where contractors have been appointed to the framework. Subject to no appeals under the standstill period, which, I think, expired at midnight, those contracts will go forward and work can start to be planned and probably start early in the new year. Like you, the Minister and the Department find the total easements that have been declared on planned maintenance not acceptable. Picking up on Sammy's point, that has contributed very significantly to the level of easements in this financial year. It is hopefully a one-off and will not happen again.

The final point, Fra, is that my understanding is that the parties are edging — that is probably an understatement — or moving towards a resolved position on the matter to the satisfaction of both parties. A meeting is scheduled for next Thursday that, I hope, will resolve the issue.

Mr F McCann: I just want to make one final point. It used to be that, when the Committee got reports, especially on monitoring rounds, they were usually about money to be added to the social housing development programme because the Minister had, perhaps, applied for an extra £10 million or £15 million. It seems to be the complete opposite now, and we are going on a downward spiral in dealing with that.

When you speak about the Programme for Government, you are talking about minimal targets. You should look at building way above that to ensure that you deal with the continuous problem of increased waiting lists, people in hostels and people in overcrowded conditions. That is not the case. You seem to be in a fire fight to give back money and shift it across to the schemes that will deal with a minimal number of people.

Mr A Hamilton: We are coming now to the 2015-16 budget, and I hope that we will be able to recognise the need and the Committee will support bids.

Mr F McCann: I cannot say to somebody who has been in a hostel for three years or someone living in overcrowded conditions, "Don't worry, we will deal with your problem in the 2015-16 budget". We seem to be focused, obviously, on co-ownership, but does the Department ever look at how it can increase the number of social houses that are available? Let us see how we can deal with the serious problem of housing need.

Mr McMurray: The target for next year shows a step change from this year. We will come to the Committee to talk about the targets for next year.

Mr Allister: I want to take you back to the Helm Housing clawback of £8.1 million. Is that the total of what it had received?

Mr A Hamilton: Yes, that is my understanding.

Mr Allister: Helm Housing had had that for five or six years.

Mr A Hamilton: Yes.

Mr Allister: Have they spent it?

Mr A Hamilton: Not on that scheme.

Mr Allister: Yes, but have they spent it elsewhere?

Mr McMurray: There was an initial purchase price for the site itself, which is now worth considerably less than the amount that was paid.

Mr Allister: How will they pay you back £8.1 million?

Mr A Hamilton: We are in discussions about how we get the cash back.

Mr Allister: Is this just a paper exercise?

Mr A Hamilton: It is an accounting issue. We have to recognise — we have discussed this with our auditors — that the decision has been taken on the clawback of the total amount.

Mr Allister: How much are you expecting to get back?

Mr A Hamilton: We will get £8.1 million back.

Mr Allister: When?

Mr A Hamilton: Over time.

Mr Allister: What does "over time" mean?

Mr A Hamilton: We are going to agree that with Helm. We are in the process of discussing that.

Mr Allister: Are we talking about one year or 10 years?

Mr A Hamilton: We have not decided that.

Mr McMurray: Two to three years was the last estimate.

Mr Allister: Two to three years. Is it coming back with interest?

Mr A Hamilton: We will agree all that with Helm as part of a negotiation.

Mr Allister: Coming to the Committee to tell us that we are clawing back £8.1 million might create the impression to the public that the public coffers will be swelled by £8.1 million, but, in fact, they will not.

Mr A Hamilton: On the basis of our resource accounts, that reflects a debtor and that is additional spending power to the Northern Ireland Executive.

Mr Allister: Even though we have not got it.

Mr A Hamilton: We have the spending power. You are referring to a cash flow. The spending power is there. That is available to the block.

Mr Allister: It still puts the block in circumstances in which it has not been recovered, and will not be for two to three years.

Mr A Hamilton: That is correct. It is available to the block.

The Chairperson: I will intervene in support of your line, Jim, because, if I remember correctly, we were given an explanation that the £8 million or whatever from Helm would be clawed back by way of Helm, for talk's sake, building a number of houses for which it would get no money. That would come off the £8 million. In other words, it would not be a paper transaction. It would be a reality of £8 million at our disposal to build and provide homes. You will vary that with Helm, but, at the end of the day, there will be more houses provided through that £8 million.

Mr A Hamilton: We will get the value of the £8.1 million back.

The Chairperson: You seem to be suggesting that it is more of an accountancy matter, which confuses me. I want to be told that Helm will pay back the £8 million in kind by virtue of building houses. Is that the case?

Mr A Hamilton: I do not have the detail of the negotiation here, but yes, Helm will provide £8.1 million of value, whether in cash or in kind. I do not have the detail of how that is split.

Mr Allister: Would it not be important for the Department to know whether it is in cash or in kind?

Mr A Hamilton: That is the point, yes. We are in active negotiations — not me personally — with Helm about that.

Mr Allister: For how long?

Mr A Hamilton: Would you like us to resolve the detail of that? I can give you a written note, Chair, on the detail and the timescales.

Mr Allister: I think we need something.

The Chairperson: I think, in January 2014, we are entitled to have an update. You are not even in a position to tell us that you are in discussions. Well, I think you just said that you are in discussions with Helm, but what point are those discussions at? I hope we are not looking at discussions around the contractor or the planned maintenance, because we keep being told that they are moving on and nearly closed. We were told weeks ago that they were more or less done and dusted. Now they are edging or they are moving. I am not sure where they are at the moment. I want a bit more certainty on the clawback from Helm. I think the Committee, as Jim rightly said, is entitled to have that information, and we expect to have that.

Mr A Hamilton: Yes, I am happy to provide that.

Mr Wilson: Maybe when you are providing that, Andrew, you could let us know what reserves Helm has at present. One of the issues in the past has always been that housing associations have been sitting on huge cash reserves, which they say they need for various reasons but never seem to spend. It will be interesting to see whether the reserves cover the money that is owed and could be used. Maybe you could let us know that.

Mr A Hamilton: Indeed.

Mr Dickson: Continuing on the Helm question, I appreciate the complexities of public sector finance, but one might have thought that Helm would never have had its hands on the £8.1 million, given that there was no planning permission and that it was money that was allocated for the purchase of land and the development of a housing scheme that never happened. Why was the money transferred to it at all, other than to add to the coffers that, as Sammy has indicated, many housing associations have? Although I can see the benefits of that style of financing, it does lead to those sorts of risks. The other

thing is that I understand that Helm recently indicated publicly that it intends to merge with other housing associations. What effect will that have on its financial situation and how will that fit with those negotiations?

Mr A Hamilton: You are testing my knowledge of that, Stewart. I think I could address those points in the written submission. We do have rules on the provision of finance to housing associations and trigger points at which money passes.

Mr Dickson: What possible trigger points could have been met when no planning permission was ever gained? Presumably, the key trigger point would have been planning permission granted, transfer £x million. Did you just give it all in one lump — one cheque for £8.1 million?

Mr A Hamilton: There would have been a scheme and approval processes, which apply to all our dealings with housing associations, would have been followed. However, we will cover that point —

Mr Dickson: Can we get a timeline on that, and the approvals?

Mr A Hamilton: We will give you the full details of it so that you have it. The issue of the merger is a matter for Helm, and it will not impact on our negotiations.

Mr McMurray: It was reviewed by the Northern Ireland Audit Office and a report was issued on the details, so it will tie in with that.

Mr Dickson: Was the buy-back scheme piloted in Northern Ireland or elsewhere in the United Kingdom? My memory is that it had been piloted elsewhere. If it works elsewhere, or maybe did not work elsewhere, why were we not alerted to that?

Mr McMurray: I heard that there were some other pilot schemes but they were done in a different context by local authorities. It was not comparing like with like.

Mr Dickson: In general, how could you not be comparing like with like? There would be a local authority, the Housing Executive and a sum of money to buy back properties. It would be housing associations operating in the same area.

Mr Wilson: They do not actually, because the grant for housing associations in England is even less. Therefore, the value-for-money case would be bigger here than it would be in other parts of the United Kingdom.

Mr Dickson: I understand the business case argument and the financial arguments of 100% funding versus a grant to a housing association and it using other funds to build properties. However, my knowledge of my constituency is that there are many ex-Housing Executive properties sitting for sale in the £40,000 to £50,000 range. How much does it actually cost to build a house? Even if the grant is at 40%, I would have thought that you are rubbing alongside many of the figures that are the reality for people who have their properties up for sale. Many of them are the very landlords whom we are talking about — people who are not maintaining property very well. However, part of the scheme was designed to deal with pressure points in the housing market. I am concerned that this has come off the rails. It had the potential to deliver a range of things that would have benefited social housing.

Mr McMurray: It did. It was quite an eleventh-hour thing that came up in the last monitoring round. It was only when the final business case came through and we saw all the detail of it that we found that it did not stack up from an overall value-for-money point of view.

Mr Dickson: Who stopped it?

Mr A Hamilton: We would have put our case to DFP, and DFP would have taken the view that the case did not stack up. It was a corporate government decision not to proceed.

Mr Dickson: Sammy makes the point that DFP should have had the business case. If DFP did not get the business case, why did it release the money in the first place?

Mr McMurray: As opposed to us formally surrendering the money in the last round, more time was bought, if you like, to give full consideration to the case. It was our intention at one time to surrender the money in the last round, but the decision was taken that more time would be given to present a business case on the latest thinking.

The Chairperson: The difficulty that we have here is that this is three months later. You had three months' more time, and you still have no further ideas as to what to do with it.

Mrs D Kelly: In making those assessments, given the link between poor health outcomes and poor housing, was there no cognisance taken or assessment made within a business case of the impact on intergovernmental targets to improve health outcomes for people through the provision of good housing, with the benefits of that considered to see whether those houses were value for money?

Mr A Hamilton: I accept your point about identifying the wider benefits.

Mrs D Kelly: But the answer is no.

Mr A Hamilton: To be honest, I am not sure of the detail on what specific benefits are associated with that initiative or whether they included health benefits.

Mrs D Kelly: Chair, maybe we could find out.

The Chairperson: Fair enough.

Mr F McCann: Just on the back of this, it would be interesting to find out how the Housing Executive houses were identified. Were they to be bought from the open market as they were already for sale? There already was a mechanism for housing associations to buy houses on the open market to fill out the social housing development programme. Was that never considered? You would probably have the most advantageous financial thing at present if you were to buy houses on the open market and allocate them. I think that there is still a provision for the Department to clear houses to be bought in that manner.

Mr A Hamilton: The Housing Executive was going through a process of identifying the properties that could be purchased within the time frame. Other than that, Fra, I do not have the detail.

Mr McMurray: We are encouraging the housing association scheme. It exists at the minute. That formed part of it, albeit a small part. Part of their point of view was about economies of scale and maintaining houses. If they are spread, it is sometimes very difficult for them to do that. If they keep them in a compact group, there are economies of scale in maintaining.

Mr F McCann: If you are getting a house in some areas for £50,000 or £60,000 — Sammy raised this — that is far less than what you would put into building the house. A lot of them are in areas of high demand. Surely that would have been taken into consideration, given that, at the height of the market, the housing associations were paying £200,000 for houses.

Mr McMurray: As I said, we are encouraging housing associations to do that. It fits in the grant scheme, which is better —

Mr F McCann: Were they told that £10 million was available for them to do that?

Mr McMurray: They were not able to utilise —

Mr F McCann: So, they were told that there was £10 million, but they were not able to use that to buy houses?

Mr McMurray: They were able to utilise whatever they could of it. I think that it was £1 million or £2 million.

Mr Brady: On maintenance in general, you said that, if the contracts are sorted out, which will, hopefully, be soon, planned maintenance will begin properly in the new financial year. The difficulty for quite a few tenants who I am coming across at the moment is day-to-day maintenance. I had a

case last week in which somebody who had applied about two and a half months ago to have an outside door repaired. It was not done and because of the flooding last week the house was badly affected. It seems that, when you contact the local office, it says that there is a lack of maintenance availability in terms of finance and people being in a position to do it because, obviously, it is done now by not direct labour but contractors. There seems to be a difficulty with that. Although planned maintenance is a different issue when it comes to long-term schemes in certain areas, it seems that the day-to-day maintenance situations that arise have been completely ignored and forgotten about.

Mr A Hamilton: I am happy to take that back, Mickey. If you have the details, we would be happy to take that case to the Housing Executive.

The Chairperson: I will make a couple of points, because no other member has indicated. As I recall, at some point earlier last year, we had what I would describe as a difference of opinion between the housing association movement and the Department and Housing Executive about what might be barriers preventing the housing associations from moving ahead with social housing schemes. If I remember correctly — I will stand corrected if need be — senior Department officials were meeting the housing association movement leadership monthly to look at and explore those barriers, which were everything from planning decisions to procurement and all the rest of that, with a view to having them removed. At some point earlier last year, we had a presentation to that effect here. The Committee routinely raised the problem.

As, I think, Fra McCann said, in previous times, we would have had in all the monitoring rounds bids for further money to go into the social housing programme. That is now in complete reverse; we are now handing money back. At the start of the year, we are handing money back. As was said earlier this morning, it is £10 million. That is lost to the social housing programme.

The report to the Committee this morning says — nothing said here this morning has indicated anything different — that the contracted position around planned maintenance has not yet been resolved. You said that it is very close to being resolved. That means that it is unlikely that there will be significant spend in that area for the remainder of the year. That is £7 million lost to the social housing programme by way of maintenance. We are starting January 2014 with £17 million gone from the social housing budget. That is not acceptable, and I have heard nothing this morning that gives me any encouragement whatsoever. I have to say that.

This is a matter that the Committee will formally discuss, because I do not want to hear any more discussions around you doing monthly meetings, liaison meetings and this, that and the other thing. The bottom line is that we are not meeting housing need and are handing money back. Sammy Wilson made the point that, if you were a Finance Minister and were looking at the Department for Social Development's record in the past year for social housing programmes, you would say, "You obviously do not need it, because you cannot spend it. If you are not spending it and there is no outcry, what is the problem?". As a representative, along with every other representative around the table who has serious constituency pressures when it comes to people needing social housing and repairs done, I do not think that that is a situation that is tolerable any longer. I want to make that very clear. The Committee will discuss the matter formally, and if needs be, we will discuss it in closed session. We want to get to the bottom of this.

If you are happy enough, Andrew and Stephen, we will leave it there for this morning, and the Committee will return to the matter.

Mr A Hamilton: Thank you very much, Chair.