



Northern Ireland
Assembly

**COMMITTEE FOR
SOCIAL DEVELOPMENT**

**OFFICIAL REPORT
(Hansard)**

**Housing (Amendment) (No.2) Bill:
Northern Ireland Housing Executive**

18 November 2010

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Simon Hamilton (Chairperson)
Ms Carál Ní Chuilín (Deputy Chairperson)
Mr Sydney Anderson
Mrs Mary Bradley
Mr Mickey Brady
Mr Jonathan Craig
Mr Alex Easton
Mr Tommy Gallagher
Ms Anna Lo
Mr John McCallister
Mr Fra McCann

Witnesses:

Mr Gerry Flynn) Northern Ireland Housing Executive
Mr Stephen Martin) Department for Social Development

The Chairperson (Mr Hamilton):

Members have a copy of the Northern Ireland Housing Executive's submission on the Bill and all the other documentation. I welcome Gerry Flynn from the Housing Executive and Stephen Martin from the Department for Social Development. The standard warning about mobile phones and the session being recorded by Hansard applies. I invite you to give a bit of an introduction,

and then we will see if members have any questions.

Mr Gerry Flynn (Northern Ireland Housing Executive):

Good morning. I am assistant director of housing policy for the Housing Executive. Thank you for the opportunity to come here this morning and explain the proposals as they affect the Housing Executive. Broadly speaking, we welcome them. We have worked very closely with the Department — in particular, I have worked very closely with Stephen Martin — in the drafting of this.

In the main, the Bill provides the Housing Executive with a number of powers. There are three aspects to that. One is powers to carry out new things for the first time — for example, energy brokering. Secondly, there are powers to perform some of our activities more efficiently and effectively. Lastly, there are powers which bring a degree of clarity to some of the grey areas in our business that may have caused us problems in the past.

The Bill covers five or six functional aspects of our business. I want to turn first to community safety and antisocial behaviour. There are four provisions in the Bill that cover that. The first is the introduction of new powers to allow greater discretion in terms of transfers through exchanges. This is around antisocial behaviour. We have fairly strict policies governing the behaviour of our tenants, but there is the possibility that people can exchange tenancies. There are certain rules around how people do that, but those do not cover antisocial behaviour. They can have an exchange, and we cannot control that. This Bill gives us the power to formally stop an exchange where we have evidence of antisocial behaviour.

Secondly, there is the ability to share information with others. I listened carefully to the discussion this morning about people getting access to information. In many respects, we have informal protocols with housing associations, the police, etc in terms of sharing information. The Bill formalises that. Recently, the Information Commissioner's Office gave out guidance that, where you enter an arrangement with people with the specific purpose of sharing information, providing you include that broad declaration in the literature that you issue, then you can do so. For example, in housing benefit you have a declaration that you are going to share information with others. That will certainly help the efficient and effective running of our business.

Thirdly, the Bill gives us formal powers to promote community safety. We have been doing a lot of that for years. We have been managing crime prevention activities such as lockout schemes for the elderly and protection of properties at interfaces. The Bill formalises that legal arrangement and gives us the formal powers to do so. It sits quite well with the Justice Bill, which is more or less asking us to do all that we reasonably can in the promotion of community safety.

Lastly, the Bill gives the legal system structured guidelines around how to come to decisions in dealing with people who have caused antisocial behaviour. There have been some legal cases where inconsistent decisions have been made, based on the evidence that has been presented. Basically, the thrust of this is that a judge should not only take cognisance of the issues of antisocial behaviour caused by the tenant but should look at the impact on the wider community and the impact that the decision might have on the perpetrator, in terms of having their home repossessed. We welcome that.

There is one proposal in the Bill that relates to homelessness. It is a technical thing; an amendment that allows us to cease having responsibility for our homelessness duty in respect of immigrants. It was an anomaly in the legislation that a person could come from abroad and be refused access to normal housing assistance, but if we had already made a decision on their homelessness duty they could remain on our register as a homeless applicant with full duty of assessment. The Bill will regularise that, and it will mean that if people are not entitled to government assistance we will be able to discharge that duty by taking them off the homeless register.

The next area is the general area of housing, and there are two aspects to that. First, there is an amendment to the existing powers for managing abandoned tenancies. We have had to operate a fairly rigorous regime, whereby, in order to secure an abandoned tenancy, officers had to access the property, which involved employing contractors to break down doors and then to re-secure the property and so on. That is a long process, and, if we failed to satisfy the legal requirements of the process, the attempts to secure those properties failed. The Bill means that we will no longer have to do that. We will merely have to serve a formal notice on the individuals who, for

the most part, have moved on. The second aspect is the servicing of legal documents. In the past, we have had to serve notices directly or by registered post. The proposal in the Bill is that those notices are served through the normal first class post. We welcome that, and it will certainly help us in the efficient running of our business.

The next aspect — it is one about which there has been a lot of discussion this morning — is HMOs, and there are two parts to that. The first of those is clarity about the definition of “family” and the requirement to produce evidence to the Housing Executive. People can no longer cause a grey understanding of who is living in the house, and we will empower people to provide us with documentary evidence to demonstrate that there is not one family or an extended family but two or more families living in an HMO. The second power in that area relates to the penalties for those who commit the offence of failing to register an HMO. The Bill will increase that penalty to £20,000. Our experience is that a quite significant effort is required to take people to court and to fine someone a small amount of money, such as £150 or £200, does not fit that effort.

I want to touch on energy brokering. As I indicated earlier, that is a new power that will allow us to broker energy with electricity, gas and oil suppliers. The Housing Executive has 90,000 tenants, and if we can secure arrangements to reduce tariffs for our tenants that is to be welcomed, particularly in the current climate when we are trying to deal with fuel poverty. The mechanics of how that will work have yet to be determined. We could offer incentives to tenants by reducing the tariff if they move to another provider, and the Housing Executive would earn a commission on that and use it to reinvest in its stock. We could also secure arrangements with suppliers whereby every time that we have a change of tenancy — we have some 7,500 changes of tenancy each year — we change the supply. The details have yet to be worked out, but we welcome the approach of trying to lever reduced tariffs for our tenants.

There are two final general powers in the Bill. The first are formal powers to provide indemnity to Housing Executive staff to sit on other bodies. We have a raft of people who manage the governance of other institutions, yet they have no legal indemnity. If those institutions were to become insolvent, individuals could be made liable. Therefore, we welcome the powers to protect them when representing our organisation. The final power is the formal

power to allow the Housing Executive to work in partnership with others. We have worked with councils, the Probation Board and the health sector for years, but the Bill will give us legal powers to continue to do so.

That is a quick walk-through of the main aspects of the Bill and how they will affect the Housing Executive. I am happy to try to deal with any questions that members may have.

Mr Craig:

I have a simple question. I was puzzled by the issue of guarantors. When the Housing Executive houses someone in the private rented sector, purely because of the lack of housing stock, does the Housing Executive act as a guarantor or does it negotiate a deal so that a guarantor is not required?

Mr Flynn:

No, we do not. I listened to the very interesting conversation that the Committee had with the previous set of witnesses. We rely heavily on the growth of the private rented sector, which, as discussed this morning, is bigger than the social sector. There are 120,000 properties in the private rented sector. The Housing Executive has between 60,000 and 65,000 — I am not sure of the exact figure — housing benefit claimants in the private rented sector. You can see how heavily we rely on that sector.

We do not provide any guarantees. What we do is that people have to provide evidence that they are in there. Generally, there is evidence that the properties are broadly fit for habitation. I was interested in the proposals across the water, where it was suggested that we would inspect all those properties. We have centralised a lot of our business, in terms of the mass processing of housing benefit. Those people are accounting-type people; they are not technical environmental health people. To try and introduce some sort of regime whereby someone would get a claim in the private rented sector and we would go out and inspect that would need the right skill set. Maybe that is something that needs to be looked at.

We do not do guarantors, and we do not provide the wherewithal. It is up to the individual to find accommodation themselves. Our role, in terms of managing the public sector aspect, is to

make sure that the individual is actually living in the property and that the rents being levied are reasonable. Our housing benefit is geared on the basis of the local housing allowance; we look at a range of rents in the private sector and pick the median point. That is likely to change under the new proposals.

Mr Craig:

It is definitely an issue, and we are probably all a bit worried about this scenario. I have dealt with it recently, and there is no resolution to it. If someone demands a guarantor, they legally can and do. I cannot help but feel that it is a formalised way of keeping social tenants out of the private rented sector. It is something that I think only the Executive can address. It will cause a massive difficulty in social housing if this is allowed to grow.

Mr Flynn:

We are doing some other work on the private rented side of our business with the Department on trying to engage with agents. We know that we are increasingly going to rely on them. How do we go about the provision of guarantees? How do we go about the provision of deposits? Are there more innovative ways of coming up with a deposit? We are talking about vulnerable people who do not have £100 or £150 or £200. There are some examples where people are building up that deposit over a period of time by giving an extra £5 a week, which in some cases is still a significant sum to find. They build that over a period of time, so that if anything does happen down the track, they have saved that up to make a contribution to a deposit. So we are trying to do some work.

We acknowledge that this is an area that has changed radically over the past 10 or 15 years. Standards have improved radically. You heard some of the discussions this morning. There is less money available in the public sector to invest in the provision of new social housing. The figures that were quoted this morning were absolutely right: 40,000 people on the waiting list and 20,000 in housing stress. We are going to build only 1,200 to 1,500 new units this year; other accommodation has to be found, and the standard of that accommodation is critical.

Mr Stephen Martin (Department for Social Development):

I did not recognise the slightly scary situation that was being portrayed this morning in relation to

tenancy deposit. What we are talking about is not something bureaucratic. It is about a neutral third party holding the deposit and, if there is a dispute about that deposit, negotiating between the two parties. The figure of 98.5% tenant satisfaction is not a figure that I recognise from the Housing Executive's research. In fact, deposits are the most significant area of dispute in the private rented sector.

This is not designed to be bureaucratic, and it is not going to be expensive. Frankly, I thought that it was very disappointing that there was the threat of people withdrawing from the system. There is no research evidence to support that. Tenancy deposits, let us not forget, have been in place in England for several years. We are not aware from colleagues in England that there have been particular issues, as portrayed this morning. I caution the Committee against being overly concerned about this as an issue. The evidence does not support the argument that was made this morning.

The Chairperson:

I know that you cannot work it out like this, but if there are 120,000 properties, even 1.5% is still more than 1,500 people. I know that it is not as simple as that, but it is still a significant amount.

Ms Ní Chuilín:

That is the question that I was going to ask Stephen. I thought that that figure was very high. Not to put you on the spot, but I saw your body language when that figure was thrown out.

Mrs M Bradley:

I saw it too.

Ms Ní Chuilín:

That indicated to me that you were not really concurring with that analysis.

Mr F McCann:

We should have called you up to the table at the same time.

Ms Ní Chuilín:

You might as well have joined in anyway, given the way that it was going. It is almost as if we are being held to ransom by one-point-something percent, and that is not the experience that I have had in my area. If you have any figures, it would be helpful if you could provide them.

Is the power to provide indemnities just to protect people who are sitting on boards? I understand and appreciate the work that the Housing Executive has done through multiagency meetings. The Housing Executive is one of the very few bodies at those meetings that have statutory powers. I understand that the Justice Bill may result in the amalgamation of district policing partnerships (DPPs) and community safety partnerships (CSPs) to put them on a statutory footing. However, from the multiagency approach, the big gap is still private landlords.

One other gap that exists is the disparity between the rights of tenants, even in social housing. With housing associations, tenants' rights vary according to the association. I think that they should be standardised. It is glaring that, even for tenants with private landlords who get substantial amounts of money for housing benefit, tenants' rights and access to repairs, and so on has been a constant theme. You heard what Mary said, and we have all got horror stories. I live in an area that was blighted. It is now under the urban renewal area (URA) scheme, but we could not find landlords.

You have partly answered this question, Stephen, but is there any cost to a third party involved in holding a deposit and looking for resolution? We have heard that that may mean another £70 or £57 being passed on to a tenant. Fra spoke earlier about tenants already having to make up around £100 out of their benefit each month. We are arguing for protection for tenants, but I think that there are some scare tactics going on here. Some clarity would be really helpful.

There were other aspects to your presentation, Gerry. We have received lots of presentations, and I am sure that we will receive more by the time the Bill goes through further stages, even from the Housing Rights Service. I am not going to ask you what your opinion is. I know that you work with them, and there will be variations depending on where you sit and how you feel about that, but, in general, you have agreed. The HMO fine was not worth anything until it was cranked up. Mandatory registration will mean that the good landlords have nothing to fear. I

think that we agree on that.

If there is a potential for cost in relation to the third party stuff or disputes around deposits, what are the figures? There is also the issue of rights, because housing benefit is made up of public funds. Do you agree, from a policy end, that rights are attached to the payment of those funds?

Mr Martin:

The costs for the registration scheme are being considered, but it is likely to be a relatively modest amount. As I understand it, the cost is for each landlord. A landlord could have 50 properties but will have to register only as a landlord, so there should not be any significant cost there. We are talking about a periodic re-registration of possibly around every three years and sums in the region of £30. That is not significant.

There are two types of tenancy deposit scheme that operate in England, and, therefore, there are two that we are considering here. One is a custodial scheme, whereby a third party holds the deposit. The second is an insurance-based scheme, whereby the landlord basically insures the deposit. There is a cost in the insurance-based scheme, because it entails buying insurance. In the custodial scheme, the money is paid to a third party. That third party earns bank interest from the sum and that goes to fund the scheme, so there is no additional cost for either landlord or tenant. In an insurance-based scheme, there may be some cost. Our preference at this stage is probably for a custodial scheme, in which case there is no cost to either party. I fail to understand the issues around cost. It was a picture that I did not recognise.

You raised some issues around the amount of housing benefit, and Gerry mentioned that 65,000 households in the private rented sector are receiving housing benefit. I do not know the figure off the top of my head, but it is likely to be a multiple of the figure that was mentioned this morning. Therefore, in our view, there is a case for regulation. That regulation must be balanced, and that is why we have gone for a light-touch approach. It is not onerous, and we regard the landlord registration scheme as a case of joining up the dots. As we promised last week, we hope to provide the Committee with an outline of the existing regulation of the private rented sector next week. To us, landlord registration ties all that together, and the light touch is deliberate.

I have a final point about the figures. The Housing Executive is doing a suite of research on the private rented sector. That was mentioned this morning. As part of the tenant survey, a question was asked about unhappiness or happiness with landlords and deposits, and so on. I will attempt to forward copies of that to the Committee in the next few days, because I think that members will find it very informative.

Mr F McCann:

I have a couple of questions. It is interesting that 65,000 people, over half the capacity of the private rented sector, are in receipt of housing benefit. Therefore, it is in the private rented sector's interest to ensure that it keeps in touch with tenants who draw down housing benefit. That is important. We were dealing this morning with fear tactics that would leave us in a position of worrying about what will happen. However, we should not be put off trying to deal with what has been a long-running problem.

I agree that a deposit scheme is crucial. Will people consider using credit unions or such bodies to hold deposits? That may be a good avenue, because they deal with financial issues all the time.

A while ago, a report on HMOs came out, which said that money could be raised through the payment of licences to ensure that an education process is put in place for landlords and tenants. A lot of the administration that they consider burdensome would be covered by the cost of that. You should not rule out any money from the mandatory registration, when it comes in, being fed back in again to ensure that that is covered.

This morning's witnesses made a couple of good points about antisocial behaviour. It would be crazy for a sector that is now bigger than the social sector to not be open to some of the information flow that we are trying to ensure exists under the legislation. I know from the area that I represent and live in that one tenant can destroy an area. They also recognise that. We need to ensure that everybody is able to tap into whatever information is available.

On the question of the abandonment of homes, does that include giro drops?

Mr Flynn:

Not specifically. I thought that Mr McCann might raise that. An abandonment notice is served when it is brought to our attention that a property has been left and that no one has been about. It could end up being a case of what Mr McCann terms “giro drops”.

Mr F McCann:

That is the term that most people use.

Ms Ní Chuilín:

Yes.

Mr Flynn:

I could not possibly call them that until I have established the evidence. To put it into context, we served notices on 350-odd abandoned properties last year. That represents a small percentage of the 90,000 properties. However, it takes a huge effort to secure that small number of properties because of the procedures that we have to follow. That is why we welcome the opportunity to speed that process up, and, if we identify a property that has been abandoned and is not occupied, we simply serve notice on that. In most cases, we do not get a reply to that notice. Once the notice has expired, we can take possession, and the stock can be recycled to those who are in much need.

There has been an issue with giro drops, and we have been working with NIE, in particular, because the electricity consumption in a property is a fair indication of whether someone lives there. NIE has worked with us to provide addresses that we can then follow up. That work is in its early days, but it is starting to provide evidence and to have success.

Mr F McCann:

I have two further points. The condition of some houses in the private rented sector has been discussed. Although the Private Tenancies Order was welcomed, many people, including some in councils, believed that it lacked the teeth to allow you to deal with some of the serious problems that existed. We would phone the environmental health people, who would go out and slap an

order on the property, but all that really happened was that a small fine may have been issued. That does not force landlords to deal with the problems.

Finally, from the outset, when it was first spoken about on the Floor of the Assembly, through to now, the discussion on the registration of landlords has taken on many different shapes. At the start, it seemed that there was going to be a fairly robust registration scheme. However, following whatever discussion took place in the Department with the Minister, a very light touch is being gone for.

The Scottish model has taken years to settle in. That was introduced mostly to deal with antisocial activity. I know from what I have read that the Scottish Parliament is fairly happy and satisfied now that people are starting to get the feel for that model. It has attached compliance legislation to ensure registration. I have questioned whether a registration scheme is completely useless unless it has some compliance regulations to ensure that people register. Why was the Scottish scheme not lifted and tweaked to deal with the situation that we have here, given that there has been a four or five year run-in?

Mr Martin:

It is partly due to evidence. Here, the evidence shows that we have a greater number of small landlords. My colleague Angela Clarke, who is sitting behind me, has been doing a lot of work on landlord awareness. She has been going around Northern Ireland and holding evening seminars and so on for landlords to try and educate them. There is a lot of regulation of the private rented sector. The problem is exactly what the Committee mentioned earlier around knowing who landlords are and being able to join up the dots. This legislation attempts to do that. It will be light-touch in the sense that the registration scheme itself will not be onerous, but what it will allow us to do is to more effectively use the regulations that are already there.

The Scottish model has evolved over time. It evolved, as you rightly say, because of a different set of circumstances. Originally, the Scottish Bill was introduced in 2004 to tackle problems in particular parts of Glasgow through selective licensing. There was an amendment that applied the landlord registration scheme Scotland-wide, but the original purpose was to tackle antisocial behaviour. We are talking about making our existing regulation more effective.

Our system may well evolve in the future, but this is a good starting point. It is balanced regulation. The Committee has already heard from landlords about their fears. We have tried to achieve a balance that does not put an unfair onus on those smaller landlords but attempts to identify who they are. We will target them with education and awareness, but, if they do not comply with existing regulation, we have an information source to pursue them through the court system.

Mr F McCann:

Mary Bradley said earlier that she would have more faith in the individual landlords who may own one or two houses and have a vested interest in ensuring that they have good properties. However, there are sizable landlords who do not buy into the idea that they have to provide quality, safe accommodation for their tenants.

Mr Craig:

Fra raised a point about giro drops. I had the dubious pleasure of a tour of the fraud department of the Social Development Department yesterday, and it was quite an eye-opener. With regard to the reporting of those properties, do you immediately pass that information on to the fraud department for investigation? I was surprised at the extent of its powers. For example, it has the legal ability to investigate the accounts of individuals who own such properties. Some of that has led to major prosecutions. Is it automatically reported? People come to me regularly to complain about those issues. I report that to the local area manager, and I would like to think that that is passed on to the fraud department.

Mr Flynn:

Our first port of call in dealing with what have been termed giro drops is to gather the evidence to make sure that people are not out of the property for a time because of illness or whatever. If, having gathered the evidence, we find that it has become a giro drop we seek to terminate the tenancy. It is a long process. Once we have secured the property, if those people then demonstrate that they have been on benefits, for example, we have a relationship with the Department whereby we work directly with it to follow those cases through. It is a two-way street. We identify cases to be followed up for fraud, and the Department identifies a sample of cases every year for us to investigate when it has been brought to its attention that people are

accessing multiple benefits, for example. We work very closely.

Housing benefit overpayments is a big issue for us to manage. That is where money has been paid out incorrectly either because of officials making an error or claimants providing information in error or because of fraud. We have generated almost £2 million to date this year through our work on fraud. That is as a result of our increased efforts in detection of fraudulent claims and the fieldwork that both parties carry out. That will remain with us. You can see the potential for introducing a single benefit and cutting out all the multiple benefits. A lot of work is being done. Both parties work together closely, and the proof of the pudding is in the evidence that we have collected.

Mr Craig:

I am glad to hear that.

Ms Lo:

I have a question about the power to indemnify officers. A lot of residents' groups and similar bodies highly value input from housing officers. However, a lot of them already have indemnity insurance. For example, neighbourhood renewal partnerships often have indemnity insurance, or they have made themselves into companies limited by guarantee so that liability is very restricted. Sometimes, the way round it is to regard the housing officer as an observer, not a member. So, they do not vote, but they give advice. There certainly are ways round it. However, I see that there is a gap. Someone might unknowingly become a member of a board or committee and become liable.

Indemnity insurance is very expensive. Can you give us a figure for the cost and tell us how you are going to go about it? How many members of staff do you have?

Mr Flynn:

I have no idea what the cost would be. I will do my best to find out and get back to the Committee on that.

Ms Lo:

You can let us know. Are there currently ways of covering them?

Mr Flynn:

I am not sure whether you end up paying a premium for that. I think the idea is that, to formally give us cover, we would indemnify any member of staff in the unlikely event that anything might go wrong. If that presented in legal costs, we would pick it up. I am not sure whether there is a premium attached to that cover. I will do my best to find out.

Ms Lo:

Another area is fuel brokering. That is an excellent idea, if we can do it. It makes economic sense. However, what about EU law? If we pay one supplier all the time for all the housing tenants, will we break EU directives?

Mr Flynn:

Absolutely not. We are given the powers to broker. To do that, we would advertise in the Official Journal of the European Union to seek expressions of interest from all those who want to provide. Say, for example, we advertised for the provision of gas. At present, Phoenix and Firmus provide gas. If other providers wanted to do so using the existing network, it would be an open competition, and that would be fully compliant with EU procurement legislation.

Ms Lo:

OK. During the negotiations, is there any merit in also talking to suppliers about social tariffs, for example, for older people?

Mr Martin:

We had some early discussions with the Northern Ireland Authority for Utility Regulation. Its view on the proposal is that it could act as a magnet factor. On any given Housing Executive estate, there will be a number of properties that are now in the private rented sector or are owner-occupied. If the Housing Executive is attracting a new gas supplier to Northern Ireland, there is absolutely nothing to stop that gas supplier knocking on doors and looking to extend. In fact, it would be in its economic interest to do so. If it works, it should attract additional competition

into the Northern Ireland energy market, which is something that the regulator welcomes.

Ms Lo:

But what about talking about social tariffs when we are negotiating?

Mr Martin:

That is a different issue. The Department for Social Development has no statutory authority to do that. That is a matter for the Department of Enterprise, Trade and Investment and the Utility Regulator. Unfortunately, the Housing Executive would not be able to enter into that through the legislation.

Mrs M Bradley:

My question has already been asked, thank you.

The Chairperson:

During the previous evidence session, the issue of government control of private sector rents was raised. Will you explain what the Bill will do in respect of that?

Mr Martin:

It is very little. I think that there was a misunderstanding about that. The only rents that government control are rents for properties that are unfit or rents that are statutory or protected. The Committee may remember that we brought regulations before it. We are talking about a very small number of properties — a few thousand — for which rent is controlled, either for historic reasons or because of unfitness. All that we are doing with clause 4 is bringing together a range of powers and giving the Department the power to amend those by subordinate legislation. We are not actually changing the policy in any way. We are not enlarging rent control or bringing more properties within the scope of that control. It is just a different way of keeping the powers updated for those properties for which the Department already exercises rent control. It is not a proposal to extend, expand or do anything further with rent control.

The Chairperson:

That is helpful.

Mr Gallagher:

I want to make a quick point in relation to the energy brokering. It should save money. Do you have any idea of how much money it will save?

Mr Flynn:

Absolutely no idea. I do not know how you would translate that. You go to the market and test the response, but it is very hard to predict. We could probably dig out some comparative studies. Some work has been done in Newcastle upon Tyne on *[Inaudible.]* so we can get you some comparison with what was achieved there.

Mr Gallagher:

That would be useful. I am raising the point because I have visited some Housing Executive properties that have old storage heaters and ancient energy contraptions, which are very ineffective. For people in those circumstances, energy brokering is only going to widen the gulf in the quality of housing available from the Housing Executive. Energy brokering is a fine idea, but not everybody in Housing Executive properties will get any benefit out of it. The people who are in the substandard accommodation will be in much worse circumstances. If it is saving money, I would like to think that someone will think about using that money to raise the energy standards in places where they are low.

Mr Flynn:

Where are the areas of potential benefits? First, there is electricity. There are 90,000 tenants, all of whom consume electricity. Any saving made by introducing competition into the electricity market would be welcome to those people. Secondly, around 30,000 of our properties are heated by gas, so there is huge potential in introducing competition to that part of the market. Some 30,000 properties are heated by oil, which is a bit more difficult to broker, and the rest have some form of individual heating or Economy 7, which is pretty expensive.

There is potential to secure reductions, and even the smallest reduction in tariff could be of considerable benefit, given that more than 70% of our tenants are on benefits. They are the people who are caught up in the fuel poverty trap. A small reduction might not seem a lot on

paper, but, for the individual, any saving [*Inaudible.*] is considerable. I will try to pick up some of that information from Newcastle on the savings that they achieved. It is hard to predict.

Mrs M Bradley:

It would be interesting to know how many homes are still using Economy 7. They would really need to benefit from the savings.

Mr Flynn:

It is in the region of 10,000, but I will confirm that for you.

Mr S Anderson:

It is good that you are coming with an idea of maybe getting a bigger pool here for tapping into better pricing of energy. Have you made any initial contact with the energy providers? Have you been speaking to any of them in a roundabout way to see what ideas there are?

Mr Flynn:

I think that there have been informal discussions with the energy providers. They all know that competition is coming down the track. It is, in many ways, a two-way street.

Mr S Anderson:

Do they give encouraging signs that they are interested?

Mr Flynn:

It is easy to give encouraging signs; the proof of the pudding is delivering on it. However, it is a two-way street. If you are an energy provider, and you are coming to someone who has the potential to give you a huge part of the market, it would be in your interests to have discussions with them. If they were not negotiating with us in respect of 90,000 tenants, they would have to put people and resources in the field to knock on doors to explain their service to people and to sell their wares. There is benefit in talking to us, particularly as we are working in the public sector. Early indications tend to be positive.

Mr S Anderson:

Would that be more on the gas suppliers' side?

Mr Flynn:

Yes.

Mr Easton:

The Landlords Association of Northern Ireland's letter seems to suggest that, under the new legislation, the Assembly would be able to control and determine private sector rents. Is that just a load of nonsense?

Mr Martin:

Yes. I mentioned earlier that clause 4 is a minor provision. I reiterate that there is no intention to increase rent control.

The Chairperson:

OK. Thank you very much, Gerry and Stephen, for your time.