



Northern Ireland
Assembly

**COMMITTEE FOR
SOCIAL DEVELOPMENT**

**OFFICIAL REPORT
(Hansard)**

**Departmental Expenditure and Saving
Delivery Plans: Ministerial Briefing**

13 January 2011

NORTHERN IRELAND ASSEMBLY

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SOCIAL DEVELOPMENT**

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Ministerial Briefing**

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Members present for all or part of the proceedings:

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

Witnesses:

Mr Alex Attwood) Minister for Social Development

Mr Will Haire) Department for Social Development
Mr Barney McGahan)

The Chairperson (Mr Hamilton):

I welcome the Minister, who is accompanied by Will Haire, permanent secretary, and Barney McGahan, deputy secretary. Briefing papers were received yesterday and have been tabled, along with a revised covering note from the Committee Clerk. Minister, you are very welcome. I hope that you had a good Christmas and New Year — I was going to say “break”.

The Minister for Social Development (Mr Attwood):

It was not precisely the one that I anticipated, but I am sure that that was common to all of the people around the table.

The Chairperson:

Yes, for many it was a different one from usual. You are very welcome to the Committee today. I remind you and your officials to turn off mobile phones. Proceedings will be recorded by Hansard. I invite you to make an opening presentation, after which I will ask members for some comments.

I know that, in addition to talking about the Budget and the expenditure and savings delivery plans, you wanted to touch on the governance audit at the Housing Executive. As you are aware, at its meeting earlier this week the Committee raised the issue of the Housing Executive's response to the recent severe weather conditions. We have requested a separate briefing by you and officials from the Housing Executive on that. I appreciate that you may touch on that matter in respect of budgets, but on the understanding that we receive that separate briefing, I would like us to keep away from that. I do not want to denigrate the importance of that issue in any way, but the Budget is equally important, and I do not want to get mired in talking about one thing when we should be talking about something else.

The Minister for Social Development:

Thank you for all of that. I look forward to working with you in the next short period of time.

The Chairperson:

It is 10 weeks or something.

The Minister for Social Development:

It will be a very short period of time. I am sure that a lot of people, even people to my left and right, will be quite grateful for that.

The Chairperson:

I can sense the relief in the room.

The Minister for Social Development:

I will be guided by you, Chairperson. I certainly want to drill down into issues around the Budget, issues around the audit of the Housing Executive and, as much as you want, issues around the management over the Christmas period. If we are not able to exhaust that particular matter, I will want to come back to the Committee and exhaust it with the Committee at the earliest opportunity.

The Chairperson:

I am keen to give the Budget the importance that it deserves in the time available to us. If I feel that we are getting too much into talking about the severe weather I will move on, as you have given us an assurance that you are going to come back on that, so that should satisfy members that we are going to have that further discussion if needs be.

The Minister for Social Development:

In respect of the Budget, I will make some quick general observations before we drill into the Department for Social Development (DSD) budget.

As members are aware, I argued publicly and in the Executive that the draft Budget should go out for consultation. I am, therefore, glad that that has now happened. However, I have not endorsed the Budget for the following wide-ranging reasons.

First, this is arguably the most significant Budget for a generation. Consequently, as many people of this generation as possible should have the opportunity to comment on and influence it. Instead of having the sense that the Budget is a fait accompli and a done deal, it is critical that people, including Committee members, have the opportunity to influence it.

As regards input from this generation, in addition to the Spectrum event that I held before Christmas, we are running a consultation in four or five venues involving voluntary and community organisations to examine the Department for Social Development budget and the

Budget generally.

Secondly, I have not endorsed the Budget because we have not yet had the opportunity to interrogate one another around the Executive table, one Minister to another, about our budgets. We have a draft Budget that outlines the draft figures for each Department. However, we have not yet interrogated one another around the Executive table about those figures. That is not a forensic or robust way to deal with the allocations to Departments in the draft Budget.

Thirdly, I cannot recommend the Budget to the community in the North on a number of fronts; however, I will not go into those exhaustively. I submitted an exhaustive paper to the Executive on a hardship fund. Given the welfare cuts that are coming across the Irish Sea, the paper argued for a starting point of £30 million a year over the next four years for a welfare hardship fund and that that figure should be enhanced by other means on a year-to-year basis. However, we ended up with a proposal in the draft Budget of £20 million for one year only. I cannot recommend that to people when I had argued for a four-year welfare package. That argument was informed by the unanimous view of the Assembly on a motion that many members in this room spoke to, which was about the strategy that I was adopting vis-à-vis the welfare strategy from London.

There is a contrast in the draft Budget between the £20 million allocated for only one year to the welfare hardship fund — the details of which my Executive colleagues know because I submitted a very detailed 20-page paper to them — and the £20 million allocated for each of the four years to a so-called social investment fund, the details of which nobody knows.

For all those reasons and many besides, I cannot recommend the Budget at this stage. It is still a substantial work in progress, not least because we need to try to identify other revenues that could go into the Budget pot to deal with the issues that we are facing.

I will now turn more substantially to the DSD budget. Further details were put on the website early this morning, following our conversations late yesterday afternoon, and I would like to make some observations on them. I will deal first with the capital issue.

As everybody appreciates, the news about the budget allocation from London on the capital

side was particularly bad, and that bad news was reflected in Departments' budget lines when it came to capital allocations, including the Department for Social Development's. Table 2 in the briefing paper indicates the capital moneys that were allocated through the budget paper. I want to highlight a number of matters in respect of that and in respect of table 4, in the second paper. Members also have copies of that paper.

Obviously, the first matter is housing. Last year's housing budget was around £155 million. With that budget, we were able to start building at least 2,000 properties; possibly more. That is the highest figure for more than a decade and, probably, for around 15 years. Certainly, it is a significant achievement. What concerns me about the capital budget allocation outlined in the draft Budget is that it pertains to a situation in which there will be increased housing stress and need because more people will be unemployed; the economy is still in recession; there may be more people in mortgage difficulties because they have lost their job or have less income due to wage freezes; people will have less money because of welfare cuts; and a creeping problem is beginning to develop with the mortgage support scheme, which lasts for only two years for any particular claimant. There will be increasing overall numbers on housing waiting lists and, as a result, increasing stress on those lists.

In dealing with that, I have been able to provide 2,000 newbuild starts in a year. However, we are going to have a situation in which my ability to repeat that will be reduced significantly. That does not put people who are in need at the heart of the Budget. The inevitable consequence of the draft Budget is that we will be unable to build the numbers of properties that we have been building, never mind the numbers that we have to build, given the increasing housing stress. That will be the result of those figures. Potentially, the number of builds will reduce by hundreds because of the draft Budget.

That situation is compounded by the unilateral, arbitrary decision that was taken around the Executive table that £80 million of housing association reserves — £20 million a year over the next four years — would be used for newbuild starts. That is an arbitrary figure. I believe that there is a great deal of support around the table for significant reform of housing associations. However, despite my inclination towards radical reform, I made one point of caution explicitly to my Executive colleagues, and that was around housing association reserves. That advice has

been ignored.

The reason why I was cautious is because housing associations need to have sufficient reserves to help them to lever in private money, for maintenance, and in the event that they reconfigure themselves and one housing association inherits a significant maintenance problem from another. That fact, allied with the good work that has been done by the Committee and PricewaterhouseCoopers in respect of housing associations, has made me cautious about what sum of money is available for newbuilds. It may be that it is £10 million, £20 million, £30 million or £40 million. We are interrogating those figures to try to find out what it is. However, to decide that the figure will be £80 million over four years, without any conversation having taken place with the Department, when it and I had given cautious advice to the Department of Finance and Personnel (DFP), is arbitrary, unilateral and not a clever way to manage housing newbuild. The consequence of that is that if £80 million is not available — I do not believe that it is — there will be further shortfall when it comes to meeting newbuild targets during the next period.

I want to make a general point about staff across the Department and its sponsored organisations, such as the child maintenance and enforcement division (CMED) and the Social Security Agency (SSA). Although we have a 17.8% cut in revenue money over the next four years, we have additional allocations of 18.2% over the next four years. The consequence is that we have a net increase of 0.4% in revenue moneys over the next four years.

I am inclined to think that that is some recognition of the arguments that were made through the Assembly, the Committee, myself and the Department about protecting people in need. However, it is not a full recognition, which is why I am still not endorsing this Budget. The Social Security Agency and CMED have front line staff dealing with issues of stress and need in the community, and I would like to think that the argument that we have all been making has begun to register and prevail.

The Budget has not been fully agreed by any means, and that is why I will continue to negotiate until the last hour of the last day before the final vote in the Assembly to try to get it better. However, the consequence of that is we believe that we can get to a position on the

revenue side over the next four years that will mean that there will be no compulsory redundancies in the Department. Yes, we will have a lot of cost efficiencies and effectiveness, and we can talk about that in a second, but that is what I am hopeful for.

I have a concern on the capital side for the Social Security Agency and the rest of the Department's staff given the scale of welfare reform. We all know about the scale of welfare reform, and I hope that a lot of it will get derailed. I think more and more that things will get derailed, because it seems to me that the coalition's legislative programme is beginning to come unstuck on a number of aspects and will become unstuck on some of the welfare proposals as well.

I am concerned that of a Barnett consequential of £16 million on the capital side that was meant to come across because of welfare reform proposals in London, in order to gear up for universal credit in 2013-14 especially, we got only £4 million. Therefore, we will have a capital pressure in the SSA to manage the welfare changes coming down the road.

I made a commitment to try to protect the warm homes scheme, and that is what we are doing on the capital side. The warm homes capital budget this year is £12.2 million. Even though we are under pressure on the capital side, the warm homes capital budget will remain in and around that figure. Overall, the warm homes budget is a mixture of capital and revenue of over £20.5 million. I have made a commitment that, even though we are under pressure — more on the capital side but somewhat on the revenue side — the £20.5 million warm homes budget will remain. I cannot in all conscience, never mind politically, never mind in a constituency where I do not have contempt for my constituents, Fra —

The Chairperson:

Just some of the other representatives, perhaps.

The Minister for Social Development:

I cannot look people in the face and say that we have not lived up to the aspiration that we will try to protect those in need. One outworking of that is warm homes.

I know that people want to talk about revenue, but I will make a final point about capital. You will see a figure in year 4 of the budget for Royal Exchange, which has preoccupied us over the past six months. We are committed to doing Royal Exchange. The market would suggest that that will be at the end of the cycle rather than earlier in the cycle. The previous capital budget on Royal Exchange was £110 million. That has been reduced — again, without much consultation — to £70 million. There may be some argument in that, because vesting of property may cost less, etc.

We were the only Department to make a capital bid for Ilex. Everybody is excited about the city of culture coming in 2013. It took a politician from Belfast, not a politician from Derry, to make a bid for capital for the city of culture. There may be capital needs in the run-up to the city of culture, and I put a marker bid in my budget to anticipate what will be a significant opportunity for the people of Derry, the north-west, the North and the island. I am glad that that bid has come back at £10 million over two years.

Finally, on the capital side, there is public realm. People will see the work there. There is nobody in this room who does not know about, or has not had the benefit of, public realm. I strongly believe in it as an economic driver. The Executive certainly have not yet got to the point where they fully understand on a pound-for-pound basis what the benefit of urban renewal and public realm might be.

I am disappointed with the figures, but I am going to see whether I can do more to protect — I have to be very careful about this — public realm, because I believe in town centre regeneration. People should remember that one of the reasons for our master plans for public realm and urban regeneration is a legacy of conflict. Those towns and cities had the heart bombed out of them. I got the facts and figures from all our master plans for all the towns and cities. Some were bombed seven times and had their infrastructure devastated. A legacy of conflict brings a responsibility to try to help those towns to regenerate themselves.

I now turn briefly to the revenue side. I spoke a lot about capital, because that is where the acute pain is. As I indicated, however, the net gain in the Department is 0.4%. The question then arose about the Budget allocation: did I do it on a pro rata basis, and let everybody take some

measure of consequence, or did I do it on a protected basis, protecting those elements of spend where, in my view, the value of protecting communities and persons in need needed to be acknowledged? That is what I tried to do.

In the top-line figures that went on the website this morning, which I trust that people have, the warm homes scheme, supporting homes, neighbourhood renewal and other programmes are the ethic and value that I am trying to work through on those figures. However, although I am protecting those spends, and we can talk about some of the details shortly, that is not unconditional. Some of that spend could be done better and more wisely.

For example, I met representatives of the Belfast area partnerships yesterday afternoon and indicated to them that I would be indicating to the Committee that my thinking on neighbourhood renewal is to protect that budget line and, indeed, to see whether I can enhance it. However, I told them that if Belfast area partnerships are to get funding, there would be obligations on them to look internally to see whether they could manage their affairs in a better and different way. There are five partnerships, and there may be issues about shared services, management and administration, where they can do all the work but reduce their overheads. Of the neighbourhood renewal budget, 10% is spent on Belfast area partnerships. They acknowledged the point, and spoke very positively about that capacity.

If the Belfast area partnerships were to do that, they would have good authority to encourage many other organisations funded under neighbourhood renewal to do the same. That would keep jobs high and make sure that the service to those in need gets better, but it would involve doing that in a slightly different way. So, although I am protecting certain budget lines, I am also asking people, will encourage people, and may ultimately direct people to look at a different way of doing their business.

Therefore, the top-line messages on the revenue side are that there should be no compulsory redundancies, jobs will be protected, and there will be no recruitment or secondments. The detail of that is in the paper, and we can talk about that. We will interrogate all costs vigorously. For instance, in the past seven months, we have brought down by 7.5% the overall bill for travel, conferences and accommodation. I sent out an instruction over the weekend that I want to see

that figure down — I do not know whether you have yet received that, Barney — by a further 10% or 15%.

The Chairperson:

Is it just Barney who got that memo? *[Laughter.]*

The Minister for Social Development:

Everything goes to Barney. It is nothing personal, it is all corporate.

On the issue of consultancy, for example, I directed that all consultancy has to be approved by the Minister, whatever its cost. The Executive set a threshold of £10,000. Michelle Gildernew and I have said no to that. We argued that every consultancy cost must be approved by the Minister, and so on and so forth, in order to get a real grip on those cost heads, which, in my view, have been somewhat generous, if not extravagant. On the other hand, in protecting jobs in the way that I want to, I am worried about the scale of the burden on the Social Security Agency, as I indicated earlier. If what may be coming down the track arrives, it will have a very substantial and significant impact, and it will put a mighty strain on that organisation.

It will be the same with CMED, which did not have a great reputation when it was the Child Support Agency. However, it has turned that around significantly. It now manages its business effectively and has large support from its stakeholders. Yes, when cases go bad, they tend to go very bad. Those around this table will be aware of that, but I am worried about the announcement by Maria Miller this morning on further adjustments to the child maintenance strategy in England and Wales. I wrote to her on 23 November 2010 to flag up my concerns about the direction of travel, including the notion that there will be fee paying for people who want to avail themselves of a child maintenance service.

Finally, table 3 in my submission is critical on the revenue side, because it reflects that we have not gone pro rata. Our approach is on a protective basis for areas where we think that there are areas of need and particular tension. That reflects the fact that the additional moneys that we are getting a bit more than substantially negate the budget cuts, which enables me to move money to areas of particular needs.

I hope that that was useful as an oversight.

The Chairperson:

Yes, it was very helpful, Minister. That was a good run-through most of the points. In doing even that, you touched on so many things, and, in reading through the paper last night, several dozen questions spring to mind. I may restrain myself to just about a dozen.

In the present overall context, everybody, including you, understands that this is not a budget that anybody would want to have to deal with, given the cuts that are coming down the line. I commend you and your Department for what you have put before the Committee. There are certainly challenges included, and I appreciate that it is not the final budget. However, there are things that we can hold our head up about, and it would be churlish not to accept that protection has been offered where it should be as best it can.

I want to touch on a couple of issues before bringing in other members. First, I do not want to dwell on negatives, but it is our job to try to interrogate and scrutinise where we think that there may be pressures and problems. If one were to look at the expenditure and savings plan and look for what may be drawn out as a headline, there is a comment about the Housing Executive and redundancies therein. On the current expenditure side, the Housing Executive looks like it is taking bigger cuts, although, in saying that, the net figure over the four-year period is a reduction of only £20 million. That is not nice, but it is better than it might have been.

I think that you were talking about the Department and not the Housing Executive when you said that there would be no compulsory redundancies. What is the early thinking on possible redundancies in the Housing Executive? Will those be managed through recruitment freezes rather than compulsory redundancies?

The Minister for Social Development:

Thank you for your comments. I believe that we have gone some way down the road in a harsh budgetary situation to protect those in need, but we can get more things over the line. I am keen for the Committee to join me in making arguments to the Executive and to DFP on particular

matters, but we can talk about that later.

There is a double asterix attached to the budget line to do with the Housing Executive's proposed allocation in table 3. The footnote states:

“Funding will be increased by the 2011/12 rent increase, indicative value £12m each year.”

My friends Mr Haire and Mr McGahan are urging me to make a decision on Housing Executive rent.

The Chairperson:

Funnily enough, that was the second question that I was going to ask. In the paper, it states that there could be additional revenues. I will put my question to you now so that you can bind it into your answer. Let us be frank and open and honest: this is a thorny subject. I will put the Best report argument to you: as long as this remains in the hands of someone such as you — not you in particular, but a politician — the pressure, particularly at times like this, to increase rents in line with inflation or slightly under inflation to raise that sort of revenue is actually very difficult. Even if you do the right thing, other people — perhaps even people in this room — will attack you for it. As you know, the argument put forward in the Best report was that the issue should be put to an independent panel. We discussed that as the Committee, and there was some support in principle for it as an idea.

Have you given any thought to how you could increase rents in a controlled way so that it does not put severe pressure on people, bearing in mind that 80% are paid through housing benefit anyway? You could still raise that revenue, which might offset some of the negative hits that we have to take elsewhere. I was going to ask that question later, but I will throw it in now.

The Minister for Social Development:

You are right to. I will come back to the latter question after I conclude my answer to the first question. I will have to make a judgement shortly, because tenants need to be advised about where things are going and IT systems need to be geared up, given that housing benefit is paid

from London. Therefore, I will make a judgement on that very soon.

In England, the rent increase is 6·8%, which is 2% above the rate of inflation. I will have to make a judgement about the percentage of rent increase. There will be a rent increase, which could be 1%, 2%, 3% or 4%. If it were 4·8%, it would generate £12 million during the lifetime of the Budget cycle. Therefore, there would be £12 million generated cumulatively over the four years. There could be other increases in subsequent years, but that will be for a future Minister to decide. The consequence of that is that the subtotal on the Housing Executive budget line should be enhanced by those figures notionally over each year.

People know my view of the Housing Executive. It has to be robustly challenged and more firmly held to account, and we will deal with that in the next evidence session. The consequence of that is that it substantially mitigates issues around potential redundancy. I will ask Will and Barney to comment on that further. One thing that has been picked out of the Budget, and I heard it mentioned on the radio this morning, is the issue around Housing Executive staff and redundancies. My assessment is that that is substantially mitigated, if not completely mitigated, by making a judgement call on the rent issue.

There are various rent increase options: at the rate of inflation; less than the rate of inflation; and more than the rate of inflation. In the current context, salaries above £21,000 are being frozen, and commodity and oil prices are going up, and the Committee will be aware that 70% of our people still rely on oil for their heating. There is, if you like, quick money, because housing benefit comes from London. Going beyond what one might want to go beyond will bring more money into the housing budget, which would generate money to do other things that we are keen to do. Some issues that we would be keen to address because of the weather might arise. We have to balance that against the fact that commodity prices, people losing their work and people on pay freezes — if that is what the Budget ends up doing to people who are earning £21,000 or more — mean that working families seem to be one of the most vulnerable groups, because of all the ongoing budgetary and welfare changes. Therefore, I am cautious about where I am going to go with budgetary increases, without saying where I am going to go.

I am a great believer in the idea that we have to embed the democratic interest in Northern

Ireland and that the democratic interest has to get stronger. There are echoes of that in the difficulties being faced by other Departments and organisations. My view is that it would be better if rent increases were left to the call of the Minister. I acknowledge that there is an argument about trying to create an independent panel, and there is a wider argument. I was speaking to the Scottish Minister for Housing and Communities in Edinburgh on Tuesday. Scotland has set up a review to determine how to narrow the gap between housing association rents and council rents, which is equivalent to our Housing Executive rents. The Government there are actively looking at how to narrow the gap. It is an issue that we will have to look at more intensely.

Mr Will Haire (Department for Social Development):

There has been a general freeze on recruitment. The graduate scheme into the Housing Executive has been kept going, and one of the simple reasons for that is to keep on refreshing and developing it. Some time ago, the issue of recruitment was raised with the Housing Executive. That, therefore, has been dealt with.

Once we get the figures, we will work with colleagues in the Housing Executive to see what the implications are. There are issues around credit coming in and associated housing benefit issues. That is something that the Housing Executive does for us at the moment. That has major implications, particularly towards year 4. It is too early to see the implications of that question. It is important that we signal that there are issues around structure and size, and we need to get the Housing Executive team to give us some sense of that.

The Chairperson:

You referred to trying to protect the warm homes scheme budget. I do not think that anyone would disagree with that principle. Next year's capital allocation for warm homes is £13 million, and it drops to £10.25 million for the subsequent three years. I accept, to paraphrase you, that that is in and around where it was, or slightly under. In the past, we have been presented with budgets and expenditure lines for warm homes/fuel poverty, and it was a higher figure. The explanation was always that around £12 million was for the warm homes scheme, and the remainder was for fuel poverty measures within Housing Executive stock. Is the amount of money under "Warm Homes" exclusively for the warm home scheme? Is it the total for the

warm homes scheme, less what is invested in the Housing Executive, or is that dealt with elsewhere?

The Minister for Social Development:

The latter point is right. As I understand it, it is the warm homes figure, and it does not include the Housing Executive allocation for warm homes, because it is upgrading its stock. The intention is that the £20.5 million that we have in this year's spend for warm homes capital allocation and the revenue side of the Housing Executive, as outlined in the paper, will be protected.

Mr Barney McGahan (Department for Social Development):

Capital spend is £20.5 million this year. Next year, we are looking to do a mixture of capital and revenue to keep spend at that level.

The Chairperson:

Thank you. Alex Easton and John McCallister have to attend the Committee for Health, Social Services and Public Safety shortly, so I will bring them in first.

Mr Easton:

Thank you for your presentation, Minister. I was pleased to hear that there will not be any compulsory redundancies and with what you said about the warm homes scheme.

This is an issue that is close to my heart and that I am always annoying you about. Can you give any guarantees about some level of protection for the small pockets of deprivation (SPOD) programme, neighbourhood renewal and areas at risk?

Secondly, the four-year plan on the capital side goes from £150 million down to £120 million, then down to £99 million before shooting up to £190 million.

The Minister for Social Development:

Which one is that again?

Mr Easton:

The proposed capital allocations. Could that money not have been spread more evenly over the four years, or is that just impossible? I notice that your asset sales for the four years are proposed as £27 million, £25 million, £25 million and £25 million. Given that you have a lot more assets than what has been sold, would it not be prudent to increase those figures to help you a wee bit more? You have more than £1 billion of capital assets somewhere.

The Minister for Social Development:

Where are those figures again?

Mr Easton:

On the capital side.

The Minister for Social Development:

Those are not my figures. Those are the figures imposed by the draft Budget.

Mr Easton:

Can you not argue for an increase in the figures for the sale of assets?

The Minister for Social Development:

The bottom line of the figures is what other parties have recommended as the way forward. I do not like those figures, and I argued against them, but I have to accept them.

Mr Easton:

You would want to sell a bit more?

The Minister for Social Development:

I am dealing with the overall capital moneys at the minute. However, we do have significant land assets, and there have been significant offers for some of those land assets. However, those offers are subject to planning permission, in order to make them much more valuable to, or usable by, a potential developer. Therefore, although we have a lot of land assets that we actively market, and in which there is interest, a developer will not take a piece of ground unless he is assured that

planning permission will be granted. Otherwise, he is buying a pig in a poke. In any case, the current market conditions mean that not many people have the capital to take a piece of land to try to develop it. That is proven by the planned re-phasing of Royal Exchange. Market conditions legislate against that going forward at the moment.

Mr McGahan:

We are working to protect areas at risk and SPOD. David Ferguson will have to work out the final details of that as he looks at the proposed allocations, but the Minister's intention is to seek to protect.

The Minister for Social Development:

Let us look at SPOD, areas at risk and the 36 neighbourhood renewal areas of need as a family. I will be definitive about neighbourhood renewal very shortly, but I can reassure the Committee that the budget line is protected. The intention is to protect the budget line for the family of neighbourhood renewal, SPOD and areas at risk.

Mr Easton:

You made a great play of not supporting the Budget, but you did not vote against it in the Executive. What would it take to push you over the line and support it?

The Minister for Social Development:

An awful lot.

The Chairperson:

No election, perhaps.

The Minister for Social Development:

No.

The Chairperson:

We will talk about that at another stage.

Mr McCallister:

I thank the Minister and the officials for the presentation. You mentioned the figure of £20 million for housing association reserves, which you think has been plucked from the air and is not based on any reality. What would be the knock-on effect if it turned out that you raised £50 million rather than £80 million? That would be a considerable shortfall.

The Minister also spoke about not having had a discussion with colleagues. What do you see as the dangers of not having had that discussion, particularly on matters that overlap with other Departments? I am thinking on your capital side of matters such as supported living, which you provide, before the Department of Health, Social Services and Public Safety (DHSSPS) kicks in. If that is not happening, it will have downstream consequences in other areas of government. That could also be argued about other the warm homes scheme in dealing with fuel poverty or child poverty. There will be an overlap in those areas if we are trying to help vulnerable families.

The Minister for Social Development:

I am not going to break the confidence of some conversations that I had with, let me put it this way, some of the more relevant people around the Executive table. I had a conversation, and given that I identified housing association reserves as a potential source of revenue, it was my understanding that in the event of our being able to identify moneys in housing association reserves, those moneys would be retained by the Department for newbuild housing, over and above the initial indicative allocation for newbuild housing that was in the first draft Budget, which was submitted to the Executive in late October 2010.

There was a figure in the initial draft Budget, which was not what I was looking for but was helpful in so far as it went. My understanding was that a consequence of identifying reserves to be used for newbuild housing was that that came to my Department as an add-on to the initial budget line. We ended up with a situation, which I learned about two minutes before we went into the Executive meeting, whereby the initial notional budget for housing was reduced over the four years by £80 million, and we were told that we could fund it from our reserves.

I did not have conversations with anybody about that £80 million. If pushed, I would probably have said that a figure of £30 million or £40 million could be put in, because my

intuition and judgement suggested that the reserve may well be there. However, if it is there, it will not be there in year 1. We are three months from the beginning of the financial year, and we are meant to have £20 million from housing association reserves to fund newbuilds. Housing association reserves could be in investments, and there could be penalties for withdrawing those investments. We could be cutting off our nose to spite our face. To get some money now could involve withdrawing it from whatever investment fund it may be in.

The consequences, though, John, are that, for £20 million, we get 220 to 230 properties. Therefore, if there were no housing association reserves that could be used, we could end up in the lifetime of the Budget being 800, 900 or 1,000 houses short of what we might otherwise have been able to do. Similarly, if there were £40 million of housing association reserves that we could use over the lifetime of the Budget, we would be 400 to 500 houses short. Those figures would be accurate, Barney?

Mr McGahan:

Roughly, yes.

Mr McCallister:

Just to be absolutely clear, what you had hoped to be a top-up to help to invest has turned out to be a cut in your budget, and you have been given an arbitrary figure with no one to say whether that is definitely the figure.

The Minister for Social Development

Nor do we think that that is the figure. What irritates me is that I was very vigilant about this issue, because I was not sure what the bottom line might be with regard to reserves that might be available. Even people in the Department who urged me to go radical were telling me to go conservative on that. Therefore, I find that not a clever way to deal with a Government Budget and an appalling way in which to deal with people's needs, such as access to newbuild property.

I could speak at length about the dangers of not having a conversation. The Executive need to have a conversation about the configuration of economic investment between, say, Invest NI, which is very important and, on the DSD side, urban renewal. What are the relative merits of

DSD doing the Royal Exchange or the Victoria Centre vis-à-vis Invest NI doing back-office call centre-type jobs? Those are different jobs that require a different skills base. There may be added value in some of the Invest NI jobs. However, what is the right configuration across Departments? We have not had that conversation.

In another way, we have not had a conversation about whether the £80 million social investment fund that was developed over the heads of the community and the Government is the right investment, as opposed to putting another £20 million a year into neighbourhood renewal, which is meant to be the flagship Government programme to deal with that situation. It is clear that others have had that conversation. We have not had that conversation around the Executive table; otherwise, that programme would have been included in the Budget.

You are interrogating me about the Budget and are right to do so. However, I have not had the opportunity to interrogate my Executive colleagues about their Budget allocations. They may be right — perhaps they should get more. I may be right, and DSD should get more. However, without taking that approach, we could end up making the assertion that an £80 million social investment fund is a better way in which to spend that money than, say, putting it into neighbourhood renewal, which, I remind Committee members, got unanimous support in the Assembly. That was a watershed moment, when across the parties and to a person, the Assembly recognised that supporting neighbourhood renewal, SPOD and areas of risk was worthwhile.

The Chairperson:

I want to ask you about housing association reserves. Are you saying that, putting aside the figure that appeared in the draft Budget, the nub of the matter is what that figure is? You are not saying that there is zero there. Like you, I have always been careful to say that we cannot just produce a cash card and take what we can from those reserves, because there are consequences to doing that. However, there is a figure that could be achieved, and we could sweat that asset much more. Aside from how that came about, the argument now is about what can be achieved over the four-year period.

The Minister for Social Development:

That was always the argument, and I pushed that argument. Will attended meetings with the big

housing associations in late November and in December 2010, at which the associations were pushed on the issue of reserves. Although one or two of them had their line prepared, they eventually broke ranks, and one of the bigger associations said that something could be done. That was interesting. Since that meeting, there have been a number of meetings of all the housing associations, including the bigger ones. I told them that, between my officials and the housing association boards, I needed to have a figure by 23 January. If it is £80 million, that is ideal. However, I do not think that it is £80 million. If it is £40 million, so be it. It may be £10 million. We cannot put in jeopardy housing associations capacity to do their business of maintenance and newbuild by unilaterally saying that we will take part of that money, thank you very much.

Ms Lo:

I want to follow up on this conversation about the reserves. I have met representatives of a number of housing associations as well as the Northern Ireland Federation of Housing Associations (NIFHA), and they are concerned about the figure of £20 million. It is a complex issue. The housing associations are independent bodies, and we cannot make them use their reserves. If we tell them that we are going to cut their building grant, some associations may decide that they will not invest in building. They need the reserves for maintenance over the lifetime of their housing stock and for various other requirements.

That is a big concern. We do need to have a dialogue. It is nonsense to simply pluck the figure of £20 million out of thin air. The associations know about the ongoing review and that it has said that the associations have £250 million in reserves. However, that money belongs to independent bodies, and government bodies cannot make them spend that money. I do not find an awful lot of explanation in your submission. I am scratching my head trying to ask you further questions. The submission was just given to us as well.

Minister, I will ask you about the community and voluntary sector. You said that you are committed to neighbourhood renewal and to supporting people. However, you will scrap the special needs management allowance. You are scaling it down, and it will go in three or four years' time. What about your commitment to supporting the community and voluntary sector in providing front line services for the most vulnerable people in our society?

The Minister for Social Development:

Anna, I will deal first with your comments about the housing associations. Those are independent organisations. However, to return to my earlier point, there is a democratic interest in maximising the return of public moneys. Housing associations get 60% grant aid for the newbuild scheme, which places a responsibility on government not just to have oversight of what the housing associations do and to make them accountable but to encourage and guide them in the direction of travel.

I note what you said about the NIFHA. I find the federation to be somewhat protectionist when it comes to the interests of housing associations. It should be more forthcoming on the reform agenda. Although I have great sympathy with housing associations because of the way in which the reserves issue has been handled, I am disappointed that they have not yet dealt with the issues of internal costs that I flagged up to them; I have little sympathy with them on that front. Given that we will have less money for newbuild over the next four years, subject to what the final Budget will look like, housing associations have an even greater obligation to deal with all the issues concerning procurement costs.

As I speak, only one of the three procurement groups has been able to procure professional services in a corporate way. I have advised them that they all need to begin to procure all their services very quickly, whether those be newbuild, financial, human resource or professional services. They need to start to procure everything, because savings will come out of that. The APEX procurement group has proved that there are savings to be made. Given that there is less money, we will be able to proceed with newbuilds if we save money. The procurement groups need to accelerate their internal processes to grasp all that, including the issue of how many housing associations is the right model going forward.

Turning to the community and voluntary sector, the special needs management allowance matter has not been concluded yet. There have been conversations, but those have not been concluded. However, it is a legacy issue that is relevant to only a small number of housing associations.

Ms Lo:

There are something like 36 projects.

The Minister for Social Development:

Yes. There are issues between DSD and DHSSPS about where the responsibility should lie in that regard. It is not an issue of whether we support supported housing, because we do. As I understand it, it is an issue of whether a legacy payment is going to some but by no means to all, and whether that is an appropriate use of moneys. The commitment is there, but it is about how it is managed. We will conclude that matter in the near future.

I will ask Barney to come in on the issue of community and voluntary sector. I have made an issue of trying to help the sector. Yesterday lunchtime, I met with a number of ministers from the Protestant faith. They made the observation that there has been a much greater demand for their services over the past 18 months. The reason for that is that people are beginning to strain, and that is beginning to manifest itself through the advice sector and other means. People are beginning to strain because there is less work, less money, fewer jobs, more recession and higher costs. It is an unhealthy recipe.

Some ministers spoke about the number of families in their individual churches whom they actively supported, and that included issues such as food. It has become that grave and serious. I make that point because the faith sector is part of the community and voluntary sector — we do not seem to recognise that too often, but it is, and because we do not fund it very much, it does not get the acknowledgement that it deserves.

I have always made an argument that the role for the faith and community and voluntary sectors over the next four years, as the Churches said yesterday, will escalate. In those circumstances, we need to demonstrate, as far as we can, that we will protect their budget lines.

Mr McGahan:

I refer members to table 3 in their information packs. Leaving aside housing associations, support for the community and voluntary sector is in the urban regeneration budget. In year 2, over £5 million was put into the baseline. That is not just an allocation, but stays in the baseline

in year 3. However, the way that the funding is allocated for year 4 means that it has to come out at that stage so there is an opportunity to do more in years 2 and 3. In addition to the year 1 budget, which has been virtually protected, we are only about £500,000 down.

Mr Craig:

Minister, I understand what you are saying about Housing Executive rent increases, and the potential for additional income. I do not want to get the two mixed up, but something became alarmingly clear during the recent cold snap, which affected roughly 25% of the housing stock. I can only speak about what I witnessed in Lagan Valley, but the affected 25% was the older stock. That clearly was due to a lack of insulation and lagging on piping, and the general maintenance of that stock. With regard to the cuts, and finding a balance with rent increases, can you handle the additional ramp-up and maintenance that would be required to mitigate those factors in future?

The Minister for Social Development:

That is a valid question. One conclusion from the arctic spell is that there are probably legacy issues with housing stock maintenance, or upgrading insulation in the stock. However, the issue is more complicated than that. I have evidence that one factor that led to pipe, boiler or heating failures was that people are not able to heat all of their houses any more because of the pressure of lack of income. Consequently, people are heating a room or two, and, in particular during the day, not heating the upper part of the house, which gives rise to bursts.

That goes back to the wider issue of supporting those in need in times of welfare cuts, and the argument about the hardship fund. The evidence shows that a number of streams led to Housing Executive properties being more at risk than housing association properties. As a result, I asked the Housing Executive to identify what is required for loft or pipe insulation, or what appears to be a simple mechanism for gas condensing boilers when outlet pipes freeze. I understand that a device that is not hard to install and which costs £50 to £70 would mitigate that risk.

I have asked the Housing Executive urgently to scope out other potential interventions that can be made to deal with the housing stock, whether that is necessary expenditure, and, to go back to your point, where is the budget line for that? Therefore, I do appreciate that.

For a moment, I thought you were Barney McGahan there. Barney tells me that, if I get the extra money, it will enable more maintenance to be done over the summer to follow up on the winter response. I amended the paper to recognise that we may have to deal with some housing maintenance issues that may arise as a result of the arctic spell. I acknowledged the point and put it in writing in the document, and we will work it through. As a consequence, during our next conversation, we will scope out further the response of the housing associations and the Housing Executive to the arctic spell. We may have further updates for the member at that stage.

Mr McGahan:

I have additional information that may support the Minister's argument for additional resources. There remains in the Executive Budget each year £25 million in unallocated invest-to-save funds. Departments have been asked to work up bids for that money. That is one area in which we are looking to see whether a bid can be put together. It is not what the fund was established for; the Executive were looking for revenue savings from investment. However, the investment that the Minister has asked for would save costs in future.

Mr Craig:

I thank the Minister for that answer. I understand the complexities of finding a balance in all this. However, I cannot escape the conclusion that, in some respects, the lack of maintenance — there is no other way to describe it — is costing us money in the long term. I have no doubt that we will have another arctic spell this year or next year, but we do not want a repeat of what has happened.

The situation in Lagan Valley was stark. The housing association builds in the constituency happened in the past three to five years. The tenants of those builds came out of the situation very well because their homes were built to much higher insulation standards, for example. They had few problems compared to those experienced by Housing Executive tenants. We need to take a look at that.

Unlike Anna, Minister, I urge you not to go soft on the housing associations on their lack of progress over the past number of years. I have a lot of sympathy for those that have been very proactive. However, in all honesty, Minister, you know as well as I do that some of them sat on

their hands, patted themselves on the back and did very little.

The Minister for Social Development:

I concur with the member's point about the housing associations. At a meeting before Christmas I advised the housing associations that, when I make my statement to the Assembly about the housing response in times of need, I will state what I think is the right number, or ballpark figure, for future housing associations. I will do that in order to accelerate that conversation. I have also told the housing associations that I might be less violent towards them, in a manner of speaking. I do not have a predatory instinct towards the reserves, but others do. Perhaps they would be better to deal with me in the next three months rather than deal with someone else over the next three years.

We have an unusual equation. The Savills report on the Housing Executive's housing stock said that our levels of housing unfitness are the best its report team had ever seen, at less than 0.2%. We do a lot of maintenance to the housing stock, and the figures confirm that. To put it mildly, there has been a bit of a battle to configure money back towards newbuilds. As a consequence, some of that money has been lost to maintenance, but there is still a huge maintenance programme. The issue is whether there is particular learning around lagging, condensing boilers and roof-space insulation whereby we need to upgrade in the way that we have been talking about.

Ms Lo:

May I quickly go back to Jonathan's point? My point about the reserves was that the housing associations are independent bodies. We cannot make them give us the money. That is the difficulty.

Mr Craig:

They have used public money to get where they are. I do not accept that argument.

The Chairperson:

I suspect that we will continue to have that argument.

Mr F McCann:

Thank you, Minister, for the presentation. What Anna said may be the case, but as the Minister said earlier, he does have control of the 60% that is given in grants.

On the back of the last conversation about maintenance, it seems that running through the budget, especially from a housing perspective, is that maintenance is the area that will take the knock. In the Assembly a while ago, I think in reply to a question from myself, you said that the Savills report was one of the roads that you did not want to go down with regard to a reduction in maintenance. However, the document mentions Savills regarding reductions in admin/policy funding and regulation, corporate services and other programmes, including maintenance programmes. Have you worked out where those cuts would be, and their impact? You said that there would be no cross-departmental compulsory redundancies, but the consequence of reductions in maintenance also has consequences for employment across the construction industry.

The Minister for Social Development:

If there were a rent increase cumulatively over a number of years, that would make the table 3 proposed allocation look a lot healthier when it comes to the Housing Executive. Therefore, I want to reassure people that, although there are issues about the Housing Executive, and we have to bear down on those, the bottom-line figure will in all likelihood be significantly better than the sub-total figures that we see there at the moment.

Mr F McCann:

We do not know at the minute where the cuts will be.

The Minister for Social Development:

We need to be very wise about this. Do I think that the Housing Executive will spend a small sum on alley-gating? That is very important for curbing antisocial behaviour, and we all want to see a lot more of that. However, is that where we should be allocating money? There are areas of maintenance where money may be saved, but not necessarily have a disproportionate impact on the quality of stock.

Some areas will be protected. Clearly, disabled adaptations will be an essential requirement, even though there could be issues about the character of some adaptations, and whether the scale is necessary. We need to interrogate that. I cannot see some areas of Housing Executive spend being a priority. Some areas could be remodelled to fulfil the needs of a tenant, but not necessarily do the belt-and-braces job that sometimes may be recommended. Whatever happens, we want to protect essential and responsible maintenance, and some emergency interventions arising from specific situations.

Mr McGahan:

I accept that we have lessons to learn about the causes of the burst pipes, and what that will cost us to fix. We are reasonably optimistic that that will have a minimal impact on maintenance over the coming years when you factor in the additional income that will come from rent increases, should those be agreed.

Mr F McCann:

I did not entirely buy into the Savills report idea that because our properties are kept to very high standards, we need to reduce maintenance. We should be proud of the levels of maintenance, and the properties that we provide. To go down the road of Savills and look at cutting back, we may be picking up the consequences of that somewhere down the line, and that will cost more. Any reduction of maintenance across the board will have consequences for employment. I commend you for saying that there will be no compulsory redundancies in the Department. However, those who rely and depend on maintenance contracts are the people who will be impacted by any reduction of maintenance.

The Minister for Social Development:

There are a number of replies to that. It seems that there is now a broad political consensus that, although we may want it to be different, we do not do multi-element improvements. We do single-element improvements as an intervention to maintain and develop stock. Similarly, we can have a good, healthy conversation on the maintenance side, given the stress that there may be about whether there are any ways of remodelling what we do to maintain stock without necessarily having the high cost.

Fra, I buy completely into your latter argument about construction jobs and maintenance jobs. I appreciate that completely. However, it should be understood clearly that, as Barney said, on the basis of the final figures in the housing budget — there are still one or two unknowns, on both the budget negotiation side and the rent side — we anticipate that we could be in a position whereby, if we choose to keep maintenance at the same levels, we could do so. I am not necessarily committing to that outcome, because we will interrogate the figures a bit more. However, that is one of the options that we could go with. I think that that is accurate.

Mr F McCann:

Another issue is neighbourhood renewal, and I welcome your commitment to it. I know that you have had meetings recently, and you said that you will be interrogating the figures again to see what can be protected. However, there is a belief out there that there will be a reduction of 10% across the board in the provision of resources for neighbourhood renewal.

You spoke about the Scottish model and what they were looking at as regards rents. Another question that I asked before concerned the alignment of rents between housing associations and the Housing Executive. There seems to be an indication that the Scottish model is moving in that direction but, in the North, there is an almost 40% difference between the rents that are paid to the Housing Executive and those that are paid to housing associations. Any alignment would have a massive impact on small earners who find themselves just outside the required levels.

The Minister for Social Development:

I very much appreciate that argument. It may be one that you want to reflect on yourself, because your own party made a proposal for borrowings against Housing Executive stock, the consequence of which would have been a rental increase of £10 a week for tenants every week of the year. What you indicated about people in work who may not get the housing benefit —

Mr F McCann:

Chair, I ask that we check that. I thought that the increase was a lot less than that and around £1 or £2 a week. I am not here to challenge my party. I am here to challenge you on the figures that you are putting forward.

The Minister for Social Development:

I appreciate that, but we had some proposals costed, including that one from your party. The consequence of it would have been an increase of £10 a week. The point is right nonetheless. We can look at the issue of rent alignment, but it could have a disproportionate impact on those who pay the rent themselves.

One of the lessons from the experience of the last two or three weeks is that because newbuilds have been built more recently and to a higher quality and standard — in some cases, to extremely high standards on the eco-environmental front — some people may say that the higher rent is value for money because they get a house that has been built more recently and to a higher quality and standard.

In respect of neighbourhood renewal, this is the first time that I have heard the suggestion that there will be a 10% cut across the board. It is another example of people planting ideas in a community, for good reasons or bad, even though I have been unambiguous in my commitment to neighbourhood renewal, month after month.

I believe that there has been an attempt by a few to create worst fears on the issue of neighbourhood renewal. As I indicated in my comments on the budget paper, those worst fears have not materialised. Indeed, I am trying to determine whether the neighbourhood renewal budget can be enhanced in some way or another. I hope that there will not be another attempt to misrepresent my commitment and how it works through in the neighbourhood renewal budget. However, that is a separate issue. If I am to challenge housing associations about how they do business — my view is that there is a particular reason for them to be challenged — and if I am to challenge my own staff, as I have, to take voluntary pay cuts, and I have good reason to challenge people in that regard, I will not shirk from asking other organisations, including community and voluntary and neighbourhood renewal groups, whether there are things that they could do differently.

I have said to neighbourhood renewal organisations, in particular, that it may be necessary to do some new work in neighbourhood renewal areas — work that is not being done at the moment, nor will it be done in the future, because other Ministers have not put in bids for certain key

programmes. Some organisations, and it may be a small number, are just not doing the work. Everybody across neighbourhood renewal areas tells me that some organisations are not doing the work. If there is evidence that people are not doing that work, we should not be funding such organisations. I remember speaking to Carál Ní Chuilín in those terms, and I think that everyone agrees with that approach.

I think that there are other organisations that must be worked with over the first year of funding, so that they get to the place of delivering more, which could lead to funding over the rest of the financial cycle. Other organisations are clearly doing the work, and, although we may not be in a position because of the process and time, to guarantee up front that they will have four-year funding, the intention would be to get to the point of doing so in the early part of the first year of funding. That is a balanced way forward. I will ask people whether they could do things differently, such as share services, because the Belfast area partnerships yesterday told me: yes, they can. That sounded a bit like Obama, but they accepted the argument, and I think and hope that they will move in that direction, and encourage all organisations in their area of responsibility to do the same.

The Chairperson:

We are pressed for time, so I ask Sydney Anderson and then Mary Bradley to ask their questions, and for the Minister to address both.

Mrs M Bradley:

Fra McCann finished on the issue of neighbourhood renewal. I and, I think, they welcome the Minister's approach to neighbourhood renewal groups. It is a matter of looking at good housekeeping, and I think that they can save 10%. That can be achieved.

Mr F McCann:

That is a surprise.

Mrs M Bradley:

No, I believe that. Sorry, I really should declare an interest —

Mr F McCann:

As a member of the SDLP?

Mrs M Bradley:

I sit on the outer north neighbourhood renewal group for Derry City Council. I cannot get to all its meetings, but I attend quite a few and I know that things could be done better and that savings could be made.

You also spoke about heating homes. I know that there are people, particularly older people, who are heating only one room of their homes. The other rooms in the house are not being heated at all. An old lady I went to see had on three coats, a hat and gloves, and I said: "In the name of God, why are you sitting here? This house is freezing." Her reply was: "Oh, I can only heat that one room, Mary, because if I use my oil to heat the rest of the house I won't be able to buy any more." That is genuinely the way people are living. As well as everything else, the price of heating oil is causing problems.

I also want to thank the Minister for remembering Derry's year of culture. I am glad that you made the bid and I am disappointed to hear that the others have not, because the people of Derry will be disappointed to hear that, as well. Thank you.

Mr S Anderson:

I promise that I will not talk about the big freeze. I thank the Minister and his officials.

On the budget cuts overall, the Minister has emphasised that he wants to protect the warm homes scheme, neighbourhood renewal and the supporting people programme, and try to help the current economic climate through neighbourhood renewal, the community and voluntary sectors, and, may I say, the public realm. People in my constituency appreciate the efforts that have been made in the public realm. I know that the Minister will be cutting tapes in a couple of our towns in the next few weeks, and we look forward to that.

However, the whole country seems to be trying to rebalance the economy. Is the Minister trying to rebalance by making efficiencies? How confident is he that what he will save in certain

areas will help him to reach his targets? How far on is his work? As my colleague Alex Easton said, how far will he have to go to get over the line and accept the draft Budget? Will he be able to take enough away from one area to rebalance and continue the good work that he has been talking about this morning?

The Minister for Social Development:

First, in response to Mary's comments, the Chairperson realised what we long ago recognised in the SDLP, which is that when Mary Bradley wants to speak, you do not stop her. *[Laughter.]*

Mr S Anderson:

I realised that as well.

The Minister for Social Development:

There has been no suggestion that there is going to be a 10% cut to funding for neighbourhood renewal groups. We could encourage people to go in certain directions, but we will look at every organisation and area of spend in neighbourhood renewal to determine what is appropriate. However, if we are able to do more, which I think we can, with a budget line that has been protected and may even be enhanced, we should not shirk from that challenge.

I made a point about heating. I had one of the housing associations in last Friday, whose chief executive spoke very starkly about the issue of people who had realised that it could be a long winter and that money was very tight. Although the cold weather payments help, I have written to the Department for Work and Pensions and OFMDFM to determine whether there is any particular intervention available, over and above the social fund, to help people in need, especially those whose properties were damaged by the arctic conditions.

The chief executive of one of the housing associations very graphically indicated his strong sense, even in the housing association sector, that people were hoarding their money in anticipation of a long winter, with the consequence that they were keeping their houses cold now because they did not know whether they could get through the winter. They were worried that, if there was an acute phase at the end of the winter, they would not have enough money to spend on oil, gas or electricity. There was a great authenticity to what that chief executive said: that there

is a problem that is escalating and that there are people in those circumstances. That brings me back to the hardship welfare fund that I was proposing.

Sydney Anderson asked what it would take for me to support the Budget. As I said, it is an awful lot. There should be a lot more for housing. I feel the gravity of what is going to happen over the next four years to waiting lists and housing stress because of the particular circumstances in Northern Ireland. That needs to be corrected. If I produce a figure to Sammy Wilson indicating that there is only £10 million of reserves rather than £80 million, and I say that I have the evidence while others have the politics, will people choose to go with the evidence rather than just go with the politics? Is our Executive being serious and credible in saying to people that they know that there is going to be a lot of welfare hardship, but all that they can do is to give £20 million in year 1?

Those are not credible positions. If we end up with a hardship fund of that nature, or some variation that does not do what it says on the tin, and we do not really escalate the amount of newbuilds, the Executive are then saying that they do not acknowledge that we could have 110,000 people unemployed, and do not fully get the situation that Mary Bradley was talking about of people heating one room.

The Executive are all politicians working in their own constituencies, and we know what is happening out there. It is now a matter of moving the debate away from “we have the numbers and can do what we want” to “these are the values, and this is what we should do”. We can do that a lot more over the next three months.

The Chairperson:

Thank you. With regard to the Budget, I am sure that the Committee warmly welcomes the measure of protection that has been offered to those priorities, such as the voluntary and community sector, the warm homes scheme, public realm and the supporting people scheme.

We also accept that there are challenges, not least in housing. It seems that no matter what the year and whatever the Budget, there will always be a challenge with housing. Be assured of the Committee’s support in respect of housing, whether under the current Budget, or trying new and

different approaches to increase the amount of money that is available to spend on housing.