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PARLIAMENTARY DEBATES
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HOUSE OF LORDS
OFFICIAL REPORT

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Abbreviation	Party/Group
CB	Cross Bench
Con	Conservative
DUP	Democratic Unionist Party
GP	Green Party
Ind Lab	Independent Labour
Ind LD	Independent Liberal Democrat
Ind SD	Independent Social Democrat
Ind UU	Independent Ulster Unionist
Lab	Labour
LD	Liberal Democrat
LD Ind	Liberal Democrat Independent
Non-afl	Non-affiliated
PC	Plaid Cymru
UKIP	UK Independence Party
UUP	Ulster Unionist Party

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House of Lords

Tuesday, 26 January 2016.

2.30 pm

Prayers—read by the Lord Bishop of Worcester.

Introduction: Lord Bishop of Newcastle

2.37 pm

Christine Elizabeth, Lord Bishop of Newcastle, was introduced and took the oath, supported by the Archbishop of York and the Bishop of Southwark, and signed an undertaking to abide by the Code of Conduct.

Death of a Former Member: Lord Parkinson

2.40 pm

The Lord Speaker (Baroness D'Souza): My Lords, I regret to inform the House of the death on 22 January of the noble Lord, Lord Parkinson. On behalf of the House I extend our condolences to his family and friends.

Taxation: Avoidance and Evasion

Question

2.41 pm

Asked by ***Lord Dubs***

To ask Her Majesty's Government what action they are taking to reduce tax avoidance and evasion by individuals and companies.

Lord Ashton of Hyde (Con): My Lords, in the summer Budget 2015 the Government announced measures that would raise at least £5 billion per year through tackling avoidance, aggressive tax planning, evasion and non-compliance in the tax system. This included an £800 million investment to strengthen HMRC's evasion and non-compliance activity, enabling it to recover a cumulative £7.2 billion over the next five years. A further package of measures was announced in the Autumn Statement 2015 which is forecast to raise a further £700 million by 2021. Further details are available on the internet—through all well-known search engines.

Lord Dubs (Lab): Well, my Lords, I am bound to say that it sounds good but on examination it is not. I wonder if the Minister could explain the Government's attitude to the Google deal. The Chancellor says it is a great success. The Prime Minister does not seem to know and says it is a good step forward. Many Conservatives say that the deal is derisory. It is difficult to know what the Government's view is. Secondly, could the Minister say something about letting the truth come out about deals such as this? In the *Evening Standard* today there is an opinion poll: 80% of the public want more openness. Surely it is time we said goodbye to taxpayer confidentiality so that we can learn what is going on in our name and have a better tax system.

Lord Ashton of Hyde: My Lords, it is a tricky question to determine between the different statements of the Prime Minister, the Chancellor and others. I am afraid I have not seen all their comments in context; I would need to see those before I am able to deliver my final judgment. Taxpayer confidentiality is a long-established principle and it is important that details of confidentiality are maintained, and that applies to everyone. What we want is fair payment of tax by everyone, be they large or small companies, or individuals.

Lord Crickhowell (Con): My Lords, the small businesses of the town of Crickhowell have launched a campaign under the name Fair Tax Town because many of them are paying more corporation tax than the big international corporations. Despite what my noble friend has said about action being taken, many of them feel that that action is so far quite inadequate. Will my noble friend give me an assurance that a really determined effort will now be made by the Government to sort out this unacceptable situation?

Lord Ashton of Hyde: My noble friend is right that we expect all companies, large and small, to be treated equally and to pay the tax that is due. This Government have reduced corporation tax. The quid pro quo for that is that when it is due on taxable profits, it should be paid. We are also tackling this internationally, because with multinational companies it has to be taken worldwide. That is why we have led the efforts in the G20 on the base erosion and profit shifting project, and we are now leading the group of 94 countries in the OECD which are implementing that.

Baroness Kramer (LD): My Lords, my heart rather goes out to the Minister, so let me ask him an easy question. Fifty-five per cent of calls by ordinary taxpayers and small businesses are not answered by HMRC. Will the Government consider spending their rather derisory settlement from Google on staffing its phones, so that the many people trying to pay their taxes actually can?

Lord Ashton of Hyde: I answered exactly that question a few weeks ago, and I am happy to point out that HMRC has recruited 3,000 new staff into customer service roles on flexible working patterns to address just that point. This will provide 1,800 additional people working on telephone helplines outside normal office hours, when many customers choose to call. More than 900 people from across HMRC have also been moved into these posts. I think everyone agrees that the previous service was substandard, but it is improving.

Lord Davies of Oldham (Lab): My Lords, I, too, sympathise with the Minister but of course, this same trick was played in the Commons. Junior Ministers responded to the issues there, as here, instead of those who are meant to take the decisions. The Minister has just confessed to the House that he does not have a clear line to answer the Question that was posed to him, but the rest of the country is quite clear that the deal struck with Google is an outrageous one. Can the Minister therefore answer this question? The United States is signed up to the OECD precepts, as is the Chancellor, so how come the US can tax major companies

[Lord Davies of Oldham]
with considerable success and get the percentage of tax it expects, when in the United Kingdom, multinationals in particular pay an absolutely derisory rate of corporation tax?

Lord Ashton of Hyde: I am grateful for the sympathy of the noble Baroness and the noble Lord but I do not think that I need it today. The fact is that HMRC has taxed the full amount of UK taxable profits at the statutory corporation rate. One of the reasons why this country is attracting inward foreign investment is that it has a rule of law and treats people according to the rules.

Lord Wigley (PC): My Lords, I add my voice to that of the noble Lord, Lord Crickhowell, who emphasised the strength of feeling among small businesses, which pay their tax honourably and on time, when they see the fat cats getting away with it in this manner. Have the Government considered introducing turnover tax as an alternative to corporation tax, in circumstances where such companies are shuffling their corporation tax to other countries? A turnover tax is something they could not avoid.

Lord Ashton of Hyde: The noble Lord puts his finger on an interesting question. At the moment, as I said, it is a corporation tax based on taxable profits. It has never been done on turnover but what we are doing is making sure that taxable profit rests in the country where the economic activity takes place. That is why we introduced the diverted profits tax. However, I note that the Treasury Select Committee has agreed terms of reference to look at the corporate tax base.

Baroness Knight of Collingtree (Con): My Lords, can my noble friend tell the House whether the problem remains of having foreign people who have never learned how to speak the language looking after sick people? There was quite a lot of publicity about it. Are patients always able to talk to a nurse who understands the language?

Lord Ashton of Hyde: My Lords, it is obviously good that people who deal with the public speak fluent English. That is why we are introducing such a provision in the Immigration Bill.

Family Test

Question

2.49 pm

Asked by ***Baroness Lister of Burtersett***

To ask Her Majesty's Government what impact the Family Test has had on policy-making.

The Minister of State, Department for Work and Pensions (Baroness Altmann) (Con): My Lords, the family test is an integral part of the policy-making process. There is a cross-government commitment to embed the family test in all domestic policy considerations. The Department for Work and Pensions has established a dedicated team to support government departments and ensure that the family test is applied in a meaningful way.

Baroness Lister of Burtersett (Lab): My Lords, the DWP recommends, in its guidance to other departments on the family test, that they consider publication of any assessment. However, it has rejected calls from family organisations and faith groups that it should do so itself on the policy in the Welfare Reform and Work Bill to limit financial support to two children. Could the Minister explain why? Will she commit to routine publication in future, in the interests of transparency and of the explicit family perspective on policy-making that we were promised?

Baroness Altmann: My Lords, the family test is included in and incorporated into advice to Ministers on new policy. It is not a pass or fail exercise; it is about helping to make informed decisions about how to support strong and stable families. It is much broader than a tick-box exercise, which seems to be the thrust of the question.

The Lord Bishop of Worcester: My Lords, I have not consulted their Graces the most reverend Primates the Archbishops, but I feel confident in saying that we on these Benches welcome the thrust of the life-chances strategy, which the Prime Minister outlined in a recent speech. We believe, as does the Prime Minister, that the family is the best anti-poverty measure ever invented—invented by God, in fact, although the Prime Minister did not add that. The increase in funding for relationship support is welcome, but could the Minister indicate how the priorities articulated in the family test might shape the development of the life-chances strategy as it is published and implemented in due course?

Baroness Altmann: The life-chances strategy aims to tackle the root causes of child poverty and to help transform children's lives. Those root causes include family breakdown, addiction, debt and worklessness. The Prime Minister has announced the doubling of funding for relationship support over the next five years, as well as the tearing down of sink estates, investment in mental health care and support for women during pregnancy.

Lord Kirkwood of Kirkhope (LD): My Lords, I remind the Minister that when the Prime Minister announced this important policy in August 2014, he made a point of saying that he wanted the test to apply to every single domestic policy. That is what he said. Would the Minister be prepared to commission an independent evaluation of that policy, in early course, so that we can test whether the Prime Minister's ambitious policy intent is being delivered in practice?

Baroness Altmann: My Lords, I assure the House that the family test is indeed incorporated into every new domestic policy consideration by this Government.

Baroness Sherlock (Lab): My Lords, I spoke recently to a woman called Ruth, who had adopted three siblings aged under four. The children were placed with her only because she agreed to stay home in their early years, because they were very damaged. However, her husband was a vicar, and she could only afford to give up work and feed the children because of tax credits. She got in touch to say that if the Government push through the plan tomorrow to limit all benefits

and tax credits to the first two children in any family, she would not be able to adopt those children in future, and they would stay in care at a cost of £40,000 per child per year. I asked the Minister how that policy passed the family test. He would not tell me. Will she?

Baroness Altmann: My Lords, as I said, the family test is not a tick-box exercise. Policy is always about trade-offs, but the family test ensures that family impacts are explicitly considered when making those trade-offs.

Baroness Hollis of Heigham (Lab): My Lords, we spent quite a lot of time yesterday looking at issues affecting the family through the Welfare Reform and Work Bill. My noble friends Lady Lister and Lady Sherlock in particular pressed the Minister time and again as to whether these proposals in the Bill passed the family test. Answer came there none. Can the Minister tell us in what way, explicitly, the proposals in the Welfare Reform and Work Bill have been subjected to and evaluated against the family test and whether they have passed it, as she has told the House today?

Baroness Altmann: I can only repeat to the noble Baroness that the family test is not a pass or fail exercise. It is right to make our welfare system fairer for the working families currently paying into the system to support others, and the family test has been explicitly considered in the new policies and trade-offs necessary in all policy-making.

The Archbishop of York: My Lords, I hope that the family test recognises that poor families come in different shapes and sizes and that there is no intention of pushing a particular policy, of which we saw a little in China. Margaret and I had two children of our own and then fostered two children who came to us at the ages of eight and one and a half. They are now working adults. Had this family test been around, I would have been worried, as Ruth is, because that child would have found it very difficult. Will the Minister assure us that when the family test comes, common sense will prevail, not numbers?

Baroness Altmann: My Lords, families are the foundations of society. Strong and stable families, we know, can have a huge impact on improving the life chances of our children, and we have a clear and unqualified commitment to strengthening and supporting family life for our children and for generations to come.

National Health Service: Nurses

Question

2.56 pm

Asked by ***Lord Clark of Windermere***

To ask Her Majesty's Government what plans they have to ensure that there are a sufficient number of nurses in the National Health Service.

The Parliamentary Under-Secretary of State, Department of Health (Lord Prior of Brampton) (Con): My Lords, Health Education England is responsible for workforce planning in the NHS. In 2016-17, the HEE commissioning and investment plan forecasts an additional supply by 2020 of 40,000 nurses as a result of undergraduate and postgraduate commissions placed with universities between 2012 and 2016. Moving new nursing students on to the student loans system from August 2017 allows universities to offer up to 10,000 extra nursing, midwifery and allied health degree places by 2020-21.

Lord Clark of Windermere (Lab): I thank the Minister for his answer, and we all wish the Government well in trying to make up the shortfall of nurses which is bedevilling our National Health Service at the moment. I am dubious about the abolition of the bursary scheme and think that the Government's proposals are highly risky, but I wish the Government well. I ask the Minister for an assurance that if they proceed with the abolition of the bursary scheme, they will recognise that the cost to nurses at the end of their training will probably be approaching £50,000. Will the Government give a commitment that they will fund a payback or reward scheme so that those nurses who have spent a number of years in the National Health Service will have some of those debts written off?

Lord Prior of Brampton: My Lords, I thank the noble Lord for wishing the scheme well. It is intended to increase the supply of young men and women going into the nursing profession, with which I think everyone in this House would agree. It is true at one level to say that people receiving loans rather than bursaries will have a debt of about £50,000 at the end, but the repayment of that is, as the noble Lord knows, graduated, and only 9% of the excess over £21,000 a year will be payable, not the full amount, as he suggests.

Baroness Gardner of Parkes (Con): My Lords, I have previously raised the question of the abolition of the SENs, and the Minister has told me that thought is being given to training which will not require university entrance. Are the Government making any progress on that, as there are many wonderful nurses—I am sure that we have all known some—who could never have got enough academic points to come in at the university training level?

Lord Prior of Brampton: My Lords, I completely agree with my noble friend's sentiments. She will be pleased to know that from August of this year, Health Education England will be funding 1,000 new nursing associates, who will not be taking a degree but will effectively do a nurse apprenticeship, although they will be able to switch over to doing a degree later in their career if they so choose.

Baroness Walmsley (LD): My Lords, given that hospital trusts are recruiting 5,600 nurses from outside the EU every year, that is surely much more of a pull factor than anything the Government might do with benefits. Given the fact that trainee nurses have to work on a clinical placement outside term time in which they add value to the NHS and take on responsibility, why are they not paid?

Lord Prior of Brampton: My Lords, I do not entirely follow the noble Baroness's question. All I can say is that we are all pleased that we are able to attract nurses from overseas, but that cannot be the right long-term policy for this country. We must train our own nurses and not rely upon recruiting nurses from overseas.

Baroness Watkins of Tavistock (CB): My Lords, what consideration have the Government given to enabling people who want to study nursing as a second degree to have loans in the way that they will allow for those studying some STEM subjects? We have traditionally had mature entrants who are already graduates.

Lord Prior of Brampton: My Lords, we are still consulting on the details of this scheme, but I assure the noble Baroness that the loan scheme will be available for mature students doing their second degree as it is for those doing their first degree.

Lord Hunt of Kings Heath (Lab): My Lords, last night in the education regulations debate, the noble Baroness, Lady Evans, said from the Dispatch Box that last year the cap on applications for nursing students meant that 37,000 applications were rejected, yet today the Minister quoted the figure of 10,000 extra places by 2020, which I take to mean 2,000 places a year. What about the other 35,000 a year who are presumably rejected for a nursing place? If there are ways of getting rid of the cap, why on earth are the Government not allowing many more nurses to be trained? Is it actually because they have cut the budget of Health Education England which would have to finance the placements of those student nurses in NHS trusts?

Lord Prior of Brampton: My Lords, I think the noble Lord is wrong in what he says, but I will double check. I believe that there will be an additional 10,000 placements per year, but I will check that afterwards. That is not until 2021 because the new scheme will not come into place until August 2017, which means that the first students will come out of the new scheme in 2020. We are estimating that there will be 10,000 in that year.

Baroness Finlay of Llandaff (CB): Do the Government recognise that the retention of nurses is also extremely important and that the loss from the profession later in life may reflect difficult working conditions and lack of support? Will the Government also note that nurses in the hospice world and specialists in palliative nursing tend to be older nurses who have left NHS employment and gone to the charitable sector precisely because they feel that they can work as they want to, fully and professionally, and have a supported working environment?

Lord Prior of Brampton: My Lords, retention and return to practice are crucial. The noble Baroness may be interested to know that Health Education England has up to 90, I think, courses that have so far attracted just under 1,000 nurses back to practice. The cost of attracting someone back to practice is some £2,000 each compared with some £50,000 for a new nurse.

Baroness Wall of New Barnet (Lab): My Lords, the noble Lord will be aware of the pressure that is quite rightly on trusts to reduce their agency spend. How can we cope with doing that when we are also still trying to get in nurses whose visas are being stopped, despite the fact that that restriction was supposed to have been lifted?

Lord Prior of Brampton: The cost of agency spend has risen from around £2.8 billion a year to some £4 billion this year. It is far too high. There is recognition that reliance upon agencies to this degree is also not good for quality of care. On grounds of both care and cost, we wish to reduce the spend on agencies.

Press Regulation

Question

3.04 pm

Asked by ***Lord Clement-Jones***

To ask Her Majesty's Government, in the light of the launch of the new press regulator IMPRESS, what steps they are taking to promote independent and effective press regulation.

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills and Department for Culture, Media and Sport (Baroness Neville-Rolfe) (Con): My Lords, this Government support the framework for independent press self-regulation delivered in the previous Parliament. This system protects the freedom of the press while offering real redress when mistakes are made. We want to see the press voluntarily comply with the reforms recommended by Lord Justice Leveson and enshrined in the royal charter.

Lord Clement-Jones (LD): My Lords, I am glad to hear that the Government support the framework agreed in the last Parliament. However, is not the key question whether the Prime Minister will honour his pledge to the victims of press abuse by commencing the court costs incentive set out in Section 40 of the Crime and Courts Act, as Parliament intended?

Baroness Neville-Rolfe: My Lords, the exemplary damages provisions, which now extend to all media cases, came into effect on 3 November and provide an incentive to publishers to sign up. We are not convinced that the time is right for the introduction of the costs provisions but the Secretary of State is considering the issue further and discussing it with interested parties; we have had some discussions with individual noble Lords in this House.

Lord Sherbourne of Didsbury (Con): My Lords, has my noble friend read the report on press regulation by the Communications Committee last year? Do the Government accept its recommendation that with the system evolving, especially with IMPRESS and IPSO, they should keep it under review and monitor it very carefully?

Baroness Neville-Rolfe: I am not sure that I am allowed to do this, but I must recommend this report as excellent reading. It is a very clear summary—I congratulate the noble Lord, Lord Best, and the committee on it—and one of the good things is that it encourages regular review and reporting; of course the Press Recognition Panel will report each year.

Lord Lea of Crondall (Lab): Are the Government seriously saying that they are implementing Leveson?

Baroness Neville-Rolfe: We have brought in and implemented the new regulatory framework, and as recently as last November we brought in the wider exemplary damages provisions. There is a Leveson part 2 but that cannot be turned to until the phone-hacking cases are completed in the courts.

Lord Lester of Herne Hill (LD): My Lords, is the Minister aware that in its first year IPSO, supported by most newspapers, is establishing itself as being independent and effective under the chairmanship of Sir Alan Moses? It deals efficiently with complaints and makes instructions, which the press obey, to publish corrections even on the front pages of their newspapers. Does it therefore not follow that the Government should do nothing to undermine that system while it is being developed and certainly should be very careful, as the Minister has indicated, about introducing sanctions like arbitrary costs or punitive damages that people such as myself believe are likely to fall foul of press freedom and the European Convention on Human Rights?

Baroness Neville-Rolfe: My Lords, I have great sympathy with the noble Lord's point. The single most important point is freedom of the press, as he says, and I am glad that we have found an independent, self-regulatory system which is now starting to deliver.

Lord Wood of Anfield (Lab): My Lords, Section 40—the costs protection clause—was part of the Crime and Courts Act that was passed overwhelmingly in the Commons and here. Is the Minister saying that the Government are now revisiting the wisdom of Section 40?

Baroness Neville-Rolfe: As the Secretary of State made clear in a speech before Christmas, he is reflecting on whether now is the time to bring in that provision. The noble Lord is right: it sits on the statute book—there is no suggestion of doing anything about that—but we are reflecting on when to commence it.

Lord Foster of Bath (LD): My Lords, further to that question and answer, does the Minister agree that an effective press regulator, as well as protecting the public, should also protect ambitious watchdog journalists from the threat of ruinous court costs by wealthy and powerful people who try to prevent publication of awkward stories? Notwithstanding the comments of my noble friend Lord Lester, does the Minister agree that this is another reason why the Secretary of State should rapidly enact the court costs incentives, which have already been agreed by Parliament?

Baroness Neville-Rolfe: I am not sure that I see it quite that way. The extended exemplary damages are a good thing and a good incentive. We need a free press; the system is getting under way; and the Secretary of State is entirely right to think about as and when—and when and if—to bring in the costs provisions, which of course sit on the statute book and can be commenced at any time.

Lord Stevenson of Balmacara (Lab): My Lords, perhaps I may take the Minister back to Leveson part 2. The second part was due to look at specific claims made about phone hacking, what went wrong with the original police investigations, and alleged police corruption. As the Minister said, it was delayed pending the conclusion of criminal prosecutions. My understanding is that those prosecutions have now been completed. If that is the case, we know that hacking took place at the *News of the World* and at Mirror Group titles but we do not know exactly what went on elsewhere. Can we have confirmation from the noble Baroness that the second part of the public inquiry will take place and, if so, what the timetable will be?

Baroness Neville-Rolfe: My understanding is different in that two cases are outstanding. That means that Leveson part 2 will not be able to take place until after those investigations and trials have concluded. However, as soon as they have been completed, we will formally consult Sir Brian Leveson, as he now is, as chair of the inquiry before announcing what is appropriate.

Baroness Hollins (CB): My Lords, are the Government going back on their commitments over Leveson?

Baroness Neville-Rolfe: No. The Government have brought in the regulatory system that was agreed in the last Parliament. The only issues today are the question that we are exploring, which is the timing and appropriateness of the costs provisions, and part 2, which, as the noble Lord opposite said, we have to defer until the criminal court cases are out of the way. I appreciate that that is frustrating for this House but, as we have heard from the Benches opposite, progress has been made in the mean time, and last week IMPRESS applied for recognition.

Failures of the 111 Helpline

Statement

3.11 pm

The Parliamentary Under-Secretary of State, Department of Health (Lord Prior of Brampton) (Con): My Lords, with the leave of the House, I shall repeat as a Statement the Answer to an Urgent Question given in another place by my right honourable friend the Secretary of State for Health on NHS England's report into the death of William Mead and the failures of the 111 helpline. The Statement is as follows.

"Mr Speaker, this tragic case concerns the death of a one year-old boy, William Mead, on 14 December 2014 in Cornwall. While any health system will inevitably suffer tragedies from time to time, the issues raised in this case have significant implications for the rest of the NHS which I am determined we should learn from.

First, though, I would like to offer my sincere condolences to the family of William Mead. I have met William's mother Melissa, who spoke incredibly movingly about the loss of her son. Quite simply we let her, her family and William down in the worst possible way through serious failings in the NHS care offered, and I would like to apologise to them on behalf of the Government and the NHS for what happened. I would also like to thank them for their support and co-operation in the investigation that has now been completed. Today, NHS England published the results of that investigation—a root-cause analysis of what happened. The recommendations are far-reaching, with national implications.

[Lord Prior of Brampton]

The report concludes that there were four areas of missed opportunity by the local health services where a different course of action should have been taken. These include primary care and general practice appointments by William's family, out-of-hours calls with their GP and the NHS 111 service. Although the report concluded that these did not constitute direct serious failings by the individuals involved, had different action been taken at these points, William would probably have survived.

Across these different parts of the NHS, a major failing was that in the last six to eight weeks of William's life the underlying pathology, including pneumonia and a chest infection, was not recognised and treated. The report cites potential factors such as a lack of understanding of sepsis, particularly in children, and pressure on GPs to reduce antibiotic prescribing and acute hospital referrals. Although this was not raised by the GPs involved, the report also refers to the potential pressure of workload.

There were specific recommendations in relation to NHS 111 which should be treated as a national, not a local, issue. Call advisers are trained not to deviate from their script, but the report says that they need to be trained to appreciate when there is a need to probe further, how to recognise a complex call and when to call in clinical advice earlier. It also cites limited sensitivity in the algorithms used by call handlers to red-flag signs relating to sepsis. The Government and NHS England accept these recommendations, which will be implemented as soon as possible.

New commissioning standards issued in October 2015 require commissioners to create more functionally integrated 111 and GP out-of-hours services, and Sir Bruce Keogh's ongoing urgent and emergency care review will simplify the way the public interacts with the NHS for urgent care needs.

Most of all, we must recognise that our understanding of sepsis across the NHS is totally inadequate. This condition claims around 35,000 lives every year, including around 1,000 children.

I would like to acknowledge and thank my honourable friend the Member for Truro and Falmouth, who, as well as being the constituency MP to the Mead family, has worked tirelessly to raise awareness of sepsis and has worked closely with the UK Sepsis Trust to reduce the number of avoidable deaths from sepsis.

In January last year I announced a package of measures to help improve diagnosis of sepsis in both hospitals and GP surgeries, and significant efforts are being made to improve awareness of the condition among both doctors and the public. But the tragic death of William Mead reminds us there is much more work to be done".

3.16 pm

Lord Hunt of Kings Heath (Lab): My Lords, I am very grateful to the noble Lord for repeating that. I start by paying tribute to Melissa Mead and her husband Paul, who have fought to know the truth about their son's death and who are now campaigning to raise awareness about the care of sepsis and how we can improve it.

Clearly, the key is to learn lessons and take action in the immediate future. Ministers were warned about poor sepsis care back in September 2013 when an ombudsman report highlighted shortcomings in initial assessment and delay in emergency treatment that led to missed opportunities to save lives. Can the Minister say what action has been taken by the Government? Will he urgently meet the UK Sepsis Trust to discuss what needs to happen to raise awareness among GPs, the NHS and the public?

The Minister outlined the failures in the 111 response. He will know that the replacement of NHS Direct, which was predominantly a nurse-led service, with NHS 111 means that the service now relies mainly on call handlers who receive as little as six weeks' training and where turnover among staff can be very rapid. Is he going to review the training that call handlers receive and will he consider increasing the number of clinically trained staff available to respond to calls?

The Minister will be aware that there are two other inquiries into NHS 111 failures at the moment: in the east Midlands and on the south-east coast. Can the public have confidence that the 111 service is fit to diagnose patients with life-threatening conditions?

Lord Prior of Brampton: My Lords, I echo the tribute that the noble Lord paid to the Mead family and their recognition that we can only learn from these terrible tragedies. The fact that they are prepared to make available the report to other parts of the NHS will help in that learning process. I, or one of the other Ministers concerned, will certainly undertake to meet the UK Sepsis Trust.

The noble Lord raised the issue of the 111 service. It is worth making the point that, in this case, the call handler took the call and referred it to a GP who was part of the out-of-hours service. The GP then spoke directly to William's mother and decided on what the right course of action was. However, I take on board exactly what the noble Lord said about training and the mix between clinicians and non-clinicians in 111 call centres. It will become a better service when the out-of-hours service and the 111 service are integrated.

One point that came out of the report was that had there been an electronic patient record indicating the evidence of the time that William had spent with GPs in the preceding six weeks, the GP who took the call might possibly have come to a different decision. This was a tragic case of all the holes in the Swiss cheese lining up to cause this awful tragedy. Therefore, I take on board what the noble Lord said about 111 and will pursue that with NHS England.

Baroness Walmsley (LD): My Lords, I share the concerns of the noble Lord, Lord Hunt, about 111, but does this not go much wider? On the issue of medical and public education about sepsis, what are Public Health England and Health Education England going to do about this? We cannot rely on the BBC1 programme "Trust Me, I'm a Doctor", which this week has certainly increased my understanding of the symptoms of sepsis. But that needs to be spread to the wider public. I recommend that people go on iPlayer and watch that programme if they want to know about this. Does this not also indicate that this very conscientious

and determined mother was not listened to? She knew her child was behaving abnormally and all the people who talked to her—from GPs through to everyone else—just did not listen.

Lord Prior of Brampton: My Lords, the facts of this case demonstrate that a lot of things went wrong. That is the real tragedy of it. Had one of those things not gone wrong, the tragedy may not have happened. The noble Baroness referred in particular to medical education but it is wider than that. As I said, a whole stream of things went wrong and we must learn from that.

Baroness Masham of Ilton (CB): My Lords, does the Minister agree that confusing messages are coming out? One is that antibiotics are being given too liberally. The other is that they are desperately needed for serious chest infections—and this boy had pneumonia, which was missed. Cases of meningitis are also missed. Such illnesses really need antibiotics. Does he agree?

Lord Prior of Brampton: My Lords, in a sense there are mixed messages—but there is a common-sense message here as well. We do not want to overuse antibiotics but, on the other hand, clearly where there is a serious infection, antibiotics are absolutely necessary. At one level it is a mixed message but there is a common-sense way through the two.

Baroness McIntosh of Hudnall (Lab): My Lords, the noble Lord has pointed out—as those of us who have read about this case are aware—that the patient was a very young child. One thing that I find troubling about this whole history is that that fact appears not significantly to have influenced the way in which his case was handled. Is it not the case that there should be a default position in respect of very young children exhibiting symptoms where the precautionary principle should apply, whether in respect of prescribing antibiotics, referring to hospital or any other kind of presumption of the possibility of acute illness?

Lord Prior of Brampton: My Lords, one would expect the doctors concerned to make that presumption in the case of a very young child. But the noble Baroness makes a valid point and I am sure that NHS England will take it on board.

Baroness Meacher (CB): My Lords, does the Minister agree that this tragic case occurred in an environment of incredible pressure on GPs and others within the NHS, with a growing blame culture and huge numbers of patients—they have to see 60 to 70 in a day very often? We all have to accept that things will go wrong if we leave GPs, in particular, working under those sorts of personal pressures and so on. We know that 30% or so will leave the profession in the coming years. Will the Minister meet with me to discuss what he might do to alleviate some of those problems? That could be very helpful.

Lord Prior of Brampton: My Lords, unquestionably there are huge workload pressures on GPs. There is no doubt about that. I do not think they were a primary cause of this particular tragedy, but I will be happy to meet with the noble Baroness to discuss that.

General Dental Council (Fitness to Practise etc.) Order 2015

Motion to Approve

3.24 pm

Moved by ***Lord Prior of Brampton***

That the draft order laid before the House on 18 November 2015 be approved.

Relevant document: 11th Report from the Joint Committee on Statutory Instruments. Considered in Grand Committee on 18 January.

Motion agreed.

Psychoactive Substances Bill [HL]

Commons Amendments

3.24 pm

Motion on Amendment 1

Moved by ***Lord Bates***

That this House do agree with the Commons in their Amendment 1.

1: Clause 1 page 1, line 5, after "9" insert "and (Possession of a psychoactive substance in a custodial institution)"

The Minister of State, Home Office (Lord Bates) (Con): My Lords, I beg to move that this House agree with the Commons in their Amendment 1.

Noble Lords will recall the debate on Report in this House on 14 July, on the use of psychoactive substances in prisons. The noble Lord, Lord Rosser, then argued that the supply of psychoactive substances in prisons was of such concern that it should be made a statutory aggravating factor under Clause 6 of the Bill.

In response, I recognised that the use of psychoactive substances by prisoners represented a significant challenge to the welfare of prisoners and the safe and secure management of prisons. While expressing sympathy for the noble Lord's amendment, I argued that the promulgation of further aggravating factors was properly a matter for the Sentencing Council. That being the case, I undertook to write to the Sentencing Council to draw its attention to the debate, which the Minister for Policing, Fire and Criminal Justice and Victims has now done. I also argued that it would be worth looking at alternative ways of addressing this problem, including introducing an offence of possession of a psychoactive substance in prison. Your Lordships' House was not persuaded that these undertakings went far enough and consequently agreed the amendment put forward by the Opposition.

Having reflected on the debate on Report, the Government are content that the supply of, or an offer to supply, a psychoactive substance in prison should be treated as a statutory aggravating factor. Commons Amendment 5 therefore simply makes drafting improvements to the amendment passed by this House in July. Specifically, the amendment replaces the reference

[LORD BATES]
to "prison premises" with the term "custodial institution" and then defines this term to include adult prisons and their juvenile equivalents, service custody premises and immigration detention accommodation. Immigration detention centres are not, of course, penal institutions, hence the adoption of the term "custodial institution" as an alternative to the reference to prison premises.

Commons Amendment 6 brings forward subsection (9) of Clause 6 and simply improves the logical flow of the clause.

As I indicated in July, the Government were giving separate consideration to the case for including in the Bill an offence of possession of a psychoactive substance in a custodial institution. The case for this is essentially the same as the one set out by the noble Lord, Lord Rosser, when he put forward his amendment to Clause 6. The presence of psychoactive substances in prisons is a destructive and growing problem. The use of psychoactive substances—now the drugs of choice among prisoners—has been linked to mental health problems and disturbed behaviour by prisoners, including violence. It is having an increasingly destructive impact on security and order in prisons and on the welfare of individual prisoners. In a bulletin published in July, the Prisons and Probation Ombudsman identified 19 deaths in prison between April 2012 and September 2014 where the prisoner was known, or strongly suspected, to have been using psychoactive substances before their death.

Control and order are fundamental foundations of prison life. Without them, staff, prisoner and visitor safety cannot be guaranteed and the rehabilitation of prisoners cannot take place. We have already introduced a number of measures to tackle the use of psychoactive substances in prisons. These include training of specialist dog teams to search and detect synthetic drugs in prisons in England and Wales; searching cells for hidden drugs; patrolling prison perimeters; and searching visitors to prevent drugs from being smuggled in. More than 120 dogs have now received special training in psychoactive substance detection and we will have trained more than 300 dogs by the end of the calendar year. Other measures include a major push on prison communications to make sure that offenders are aware of the consequences of taking psychoactive substances —as are visitors who attempt to bring them in—and the introduction of new drug tests in the coming months to identify prisoners using psychoactive substances.

Nonetheless, the use of psychoactive substances remains significant and pervasive in prisons. A possession offence in prison—as provided for in Commons Amendment 9—will enable the police and Crown Prosecution Service to pursue cases where prisoners, visitors or staff are found with small quantities of psychoactive substances in prisons. The introduction of such an offence will support our stance that the use of psychoactive substances in prison is not to be tolerated.

Many instances of simple possession by prisoners can often effectively be dealt with by the internal prison disciplinary service. Where joint working between prisons and the police identifies a particular problem with psychoactive substances in a prison, a prison possession offence could be used very effectively and might just deter some of those involved. Under the Misuse of Drugs Act 1971, possession offences quite properly attract lower maximum sentences compared with production, supply and importation offences, and so it is here. While the offences in Clauses 4 to 8 of the Bill have a maximum penalty of seven years' imprisonment, Commons Amendment 10 to Clause 9 provides for a maximum penalty for this new offence of two years' imprisonment. Commons Amendments 1, 21, 22, 27, 31 and 34 to 37 are consequential on Commons Amendment 9. General possession of a psychoactive substance in the community will continue to not be a criminal offence. This reflects the recommendation of the expert panel that the focus of the legislation should be on tackling the trade in psychoactive substances, but as I have set out, the problems caused by the use of psychoactive substances in prisons are such as to justify a targeted possession offence that applies only in the context of possession in prisons or other custodial institutions.

The Government have listened to the arguments put forward by this House for strengthening the Bill to tackle the particular harms caused by the use of psychoactive substances in prisons and other custodial institutions. Having pressed for such strengthening of the Bill, the House will, I am sure, join me in welcoming these Commons amendments.

3.30 pm

Lord Rosser (Lab): My Lords, as the Minister has said, this group of amendments indicates that the Government have accepted the view of this House, as expressed through the carrying of an amendment on Report, that when sentencing an offender for the offence of supplying or offering to supply a psychoactive substance, it should be regarded as a statutory aggravating factor if that offence took place on prison premises. The only change the Government have made is to replace the reference in the Lords amendment to "prison premises" with "custodial institution", and we welcome the Government's decision to accept the view of the House on this matter.

However, this group of amendments also provides for a new offence of possession of a psychoactive substance in a custodial institution as opposed to the far more serious issue of supplying such substances, which is now already covered in the Bill. The new offence of possession will cover inmates, visitors and staff in prisons with, I think, the maximum penalty being two years' imprisonment, an unlimited fine, or both. Thus, the only new power the new offence would give is the ability further to punish inmates and others in a prison for possessing psychoactive substances for their own use, as opposed to supplying them to others. Since those who run our prisons already have powers to discipline and punish inmates for possessing controlled psychoactive substances, I ask the Minister this: where has the late pressure come from to create this new offence, since the Government did not previously think it should be provided for in the Bill? Has the pressure come from those running our prisons, or from the Prisons and Probation Ombudsman or the Chief Inspector of Prisons, who have both certainly expressed concern about the impact of psychoactive substances but neither of whom, as far as I am aware, has called for a new

offence of possession? What they have argued is that better and more effective detection mechanisms need to be in place to detect psychoactive substances in our prisons, along with more frequent drug testing.

Is not the reality that, for those who possess psychoactive substances in the confines of our prisons, where the bullying and violence associated with the existence of such substances has already been identified by the Chief Inspector of Prisons, the need is to regard this primarily as a health issue and to focus on education with an appropriate drug education and awareness strategy? What are the Government actually doing to combat possession of new psychoactive substances for personal use through these means, which are surely likely to be more effective, if the resources are provided, than the new offence proposed in this group of amendments? Is that not the support that those who run our prisons really need to address this issue, along with the resources to provide effective detection mechanisms and more regular drug testing? Are not those the resources that this Government have so far been failing to provide, as, in my opinion, the Minister implicitly acknowledged in his opening comments? What is the Government's estimate of the reduction in the personal use of psychoactive substances in our prisons that will result from the creation of this new offence, and on the basis of what information was that estimate made?

Finally, will this new possession offence in prison for inmates, visitors and staff also apply to poppers? I ask this in view of the support there has been, including from the Commons Home Affairs Committee, for adding poppers to the list of exemptions to the ban on psychoactive substances because of the potential consequences of such a ban in this case. In the light of the decision by the Home Secretary to refer the issue of poppers for further consideration by expert bodies, do we really want to create a new possession offence in respect of a substance which is popular in some sections of the gay community, has been used recreationally in Britain for more than 30 years and has not so far been banned by any Government, given the likelihood that within the next few months a decision could be made as a result of expert consideration that it should continue to not be banned?

Having said that, and having made my points, I want to make it clear that we certainly do not intend to oppose the Commons government amendments creating the new offence of possession, but we want answers to the points that I have raised.

Baroness Hamwee (LD): My Lords, the situation described by the Minister is very serious and seems to lead directly to issues of prison reform—drugs being one of the considerations—but one would want to look at far wider causes than how concerns about prison manifest themselves in this issue. I wondered what ingenuity might be applied to introduce the issue of poppers, since it would be quite difficult to provide an amendment to the government amendments to deal with that, so I congratulate the noble Lord, Lord Rosser, on finding a way to introduce the subject.

We, of course, will not oppose these amendments, but I must say that we will now have possession of a controlled drug being an offence, possession of a new psychoactive substance not being an offence, but possession of a new psychoactive substance in prison being an offence. In our view, that is too muddled but, of course, at earlier stages of this Bill we were calling for a widespread health-based review of all drugs laws, so I am sure that the Minister will not be entirely surprised that I make that comment.

Lord Ramsbotham (CB): My Lords, I warmly endorse all that the noble Lord, Lord Rosser, has said. One aspect of Amendment 9 that the Minister mentioned was that a number of improvements were being made in prisons to the detection of new psychoactive substances. I should like to refer particularly to a very powerful report published last month by the Chief Inspector of Prisons on the use of new psychoactive substances. He said:

"Drug misuse is a serious threat to the security of the prison system, the health of individual prisoners and the safety of prisoners and staff",

but the new psychoactive substances are an even more serious offence and,

"are now the most serious threat to the safety and security of the prison system".

Because dealing with the new psychoactive substances—searching for them and so on—was so patchy in the Prison Service, the Chief Inspector of Prisons recommended:

"The Prison Service should improve its response to current levels and types of drug misuse in prisons and ensure that its structures enable it to respond quickly and flexibly to the next trend".

I will mention the next trend before I conclude. The chief inspector recommended:

"A national committee should be established, chaired by the Prisons Minister, with a membership of relevant operational experts from the public and private prison sectors, health services, law enforcement, substance misuse services and other relevant experts. The committee should be tasked to produce and publish an annual assessment of all aspects of drug use in prisons, based on all the available evidence and intelligence, and produce and keep under review a national prison drugs strategy".

If that annual report was required, it would, of course, cover the possession mentioned in the amendment that we are discussing, but I am particularly concerned that, in briefing the cross-party group on criminal justice, drugs and alcohol that I chair, the chief inspector mentioned the next trend causing him and his inspectors even more worry, which was the introduction of powdered alcohol. Therefore, we must have a system in place that monitors trends as well as current practices. I ask the Minister: what is happening about the establishment of such a national committee?

Lord Bates: My Lords, I thank the noble Lord, Lord Rosser, for his welcome of the amendment and other noble Lords who have spoken in favour of it. It is important.

The noble Lord asked a number of questions on whether the offence will apply only to prisoners. This is an important point to address to the noble Baroness, Lady Hamwee. The new offence will apply to all persons in possession of a psychoactive substance in prison. It is not particularly targeting prisoners themselves, so it could include visitors—or staff, for that matter—who possess these new psychoactive substances.

[LORD BATES]

The noble Lord asked what pressure had come for this. Pressure came from a number of sources, including those that argued in favour of his amendment last July. Although it was not originally one such pressure, the noble Lord, Lord Ramsbotham, has brought to the fore the impressive and disturbing report of Her Majesty's Chief Inspector of Prisons, called *Changing Patterns of Substance Misuse in Adult Prisons and Service Responses*, from December 2015. As the noble Lord has quoted, the chief inspector has said that new psychoactive substances,

"have created significant additional harm and are now the most serious threat to the safety and security of the prison system that our inspections identify".

The noble Lord is absolutely right to identify this. I spoke in my introductory remarks about the additional dogs being trained for inspections, but it is right—the noble Lord, Lord Rosser, asked for this—that there should be a major push on prison communications to ensure that offenders are aware of the consequences of taking psychoactive substances, as are visitors attempting to bring them in. New drug tests are also being developed in this area.

I know that it was slightly ingenious to bring poppers into this group. I had prepared some remarks to address that in the second group of amendments. If noble Lords will allow me, I will address my remarks in that setting, lest I duplicate them.

On the prison drugs strategy, the idea that the noble Lord, Lord Ramsbotham, suggests is very interesting. While I cannot give a firm undertaking today, I would want to speak to the Prisons Minister, Andrew Selous, about this suggestion. I will get back to the noble Lord on whether a national committee could do this. Again, we are conscious of the constantly changing nature of this. In many ways, that was the argument for the blanket ban on psychoactive substances, rather than the whack-a-mole situation we were in before, where new things popped up as other things were outlawed.

With those comments and promises to get back to noble Lords on specific points of interest and to address further concerns in the next group, I beg to move.

Motion agreed.

3.45 pm

Motion on Amendments 2 to 4

Moved by ***Lord Bates***

That this House do agree with the Commons in their Amendments 2 to 4.

2: Clause 1, page 1, line 7, leave out "Section 10" and insert "Section (*Exceptions to offences*)"

3: Clause 4 page 2, line 32, leave out from "subject to" to end of line 33 and insert "section

(Exceptions to offences) (exceptions to offences)."

4: Clause 5 page 3, line 14, leave out from "subject to" to end of line 15 and insert "section

(Exceptions to offences) (exceptions to offences)."

Lord Bates: My Lords, in drafting this Bill, we have adopted a similar approach to that taken by the Republic of Ireland's Criminal Justice (Psychoactive Substances) Act 2010; namely, setting out a broad definition of a psychoactive substance and then circumscribing it with a robust set of exemptions to narrow the Bill's scope. The current list of exempted substances in Schedule 1 includes substances controlled through existing legislation, such as alcohol, tobacco and nicotine, medicinal products and controlled drugs, and substances where psychoactive effects are negligible, such as caffeine and foodstuffs.

I am delighted to see my noble friend Lady Chisholm of Owlpen in her place with me on the Front Bench. During the Bill's passage through this House, my noble friend responded to amendments tabled by the noble Baroness, Lady Meacher, and the noble Lord, Lord Rosser, and agreed that we should look again at the drafting of the Bill with a view to strengthening the exemptions for medicinal products and research. As my noble friend Lady Chisholm made clear on Report in July, the Government have no intention through this Bill of fettering the discretion of clinicians to prescribe or direct the supply of substances which, in their clinical judgment, meet the needs of their patients. My noble friend also made it clear that we have no intention of constraining bona fide scientific research. This Government attach the highest priority to research and are committed to removing—or not putting in place—unnecessary regulatory barriers that impede that research in the UK.

During the summer, the Home Office worked closely with a range of public and private organisations to address both points, and I am confident that the new formulation put forward in these Commons amendments effectively responds to the issue and ensures that we have a robust list of exemptions.

Let me deal first with the definition of a medicinal product in Schedule 1 to the Bill. One concern put to us by the noble Baroness, Lady Meacher, was that the definition did not cover so-called "specials"; that is, products which are used in healthcare but have no marketing authorisation. These products have been manufactured or imported, to the order of a doctor and certain other medical practitioners, specifically for the treatment of individual patients to meet their special clinical need.

It is not our intention that medicinal products regulated under the framework provided for in the Human Medicines Regulations 2012 should be caught by this Bill. In defining a medicinal product by reference to a product with certain types of marketing authorisation, we were, on reflection, not casting the net widely enough. Commons Amendment 41 properly aligns the Bill with the regulatory framework for medicines. The Home Office worked closely with the Department of Health and the Medicines and Healthcare Products Regulatory Agency during the summer to revise this exemption.

Following careful consideration, Commons Amendment 41 uses the definition of a "medicinal product" as defined in Regulation 2 of the Human Medicines Regulations 2012. This would mean that any substance which falls within the following definition would be caught by the exemption and so would be outside the scope of the Bill:

"(a) any substance … presented as having properties of preventing or treating disease in human beings; or … (b) any substance …

that may be used by or administered to human beings with a view to … (i) restoring, correcting or modifying a physiological function by exerting a pharmacological, immunological or metabolic action, or … (ii) making a medical diagnosis.".

The Human Medicines Regulations consolidate the law of the United Kingdom concerning medicinal products for human use, including their authorisation, manufacture, distribution, importation and sale. I can assure noble Lords that we are satisfied that this revised definition covers all medicinal products that are approved for use in the UK. This definition includes investigational medicinal products, homeopathic medicinal products and traditional herbal medicines. That being the case, we can dispense with paragraphs 3 to 5 of Schedule 1, and Commons Amendment 42 removes them accordingly.

The Medicines and Healthcare Products Regulatory Agency will remain the body which regulates activity in relation to medicinal products, whether they are authorised or not, and these amendments and the Bill will not encroach on that. The MHRA is already called upon to determine whether a product meets the definition of a "medicinal product". This will be an important role going forward to assist with ensuring that the exemption for medicinal products is relied on only in appropriate cases. Our approach will ensure that the regulatory frameworks for psychoactive substances and human medicines complement rather than overlap each other and ensure that the public are properly protected for medicinal and non-medicinal psychoactive substances.

Having dealt with the changes to the list of exempted substances, I now turn to exempted activities. Commons Amendment 11 provides that it would not be an offence under the Bill for a person to produce, supply, offer to supply, possess with intent to supply, import or export, or possess in a custodian institution a psychoactive substance if, in the circumstances in which it is carried by that person, the activity is an exempted activity. Commons Amendment 43 then sets out the list of exempted activities. These fall into two categories. The first exempts legitimate activities of healthcare professionals, while the second covers research. I will explain both in turn.

The exemption for healthcare-related activities will cover healthcare professionals acting in the course of their profession, and ensures that the Bill will not fetter their discretion as clinicians. At the moment a healthcare professional is free to prescribe or direct the supply of any psychoactive substance that is not a medicinal product as defined by the Human Medicines Regulations if, in their clinical judgment, this is in the best interests of the patient. While we do not have specific examples of such substances in mind, we wish to ensure that the Bill does not fetter clinicians' freedom in this regard.

Commons Amendment 11 will ensure that, either now or in the future, a healthcare professional will not be hindered in offering treatment which in their clinical judgment is right for their patient. There are separate rules, in particular in relation to controlled drugs, which govern which substances a healthcare practitioner can and cannot prescribe which are unaffected by this exemption.

We have defined a "health care professional" using the existing definition in Regulation 8 of the Human Medicines Regulations 2012. This definition includes a doctor, dentist, pharmacist, nurse and midwife among others. The exemption also extends to people who supply substances to patients in accordance with a prescription issued by a healthcare professional, or at their direction.

Turning to research, while the inclusion of investigational medicinal products in Schedule 1 signalled our intention to exempt research activity, the Government recognise that the exemption fell short of what was required and, as such, failed to cover all research which could be caught by the Bill. I am grateful to the Academy of Medical Sciences and to noble Lords for raising this issue. The Home Office has reconsidered this issue and, after consulting the Department for Business, Innovation and Skills, the Department of Health, the Health Research Authority, the Government Office for Science, the Academy of Medical Sciences, the Association of the British Pharmaceutical Industry and the devolved Administrations, we have identified a revised approach.

Given that a wide range of bodies might undertake relevant research, our approach has been to frame the exemption around research which has received appropriate ethical approval from an ethics review body. We understand that all research which will be caught by the Bill should receive such approval. We have discussed this approach with the Academy of Medical Sciences and others in the research community, who are content with our approach.

All research that is approved by one of the Health Research Authority's research ethics committees will be exempted and, as the Health Research Authority's remit covers health and social care research, we expect that this will be a major mechanism for the exemption of research. We acknowledge the possibility of research in fields other than health and social care and, for that reason, the exemption will also cover all research approved by: an ethics committee constituted by a government department; an NHS body; a research institute, including universities; or a charity which is concerned with advancing health or saving lives.

These mechanisms for ethical approval are already in place and the Government believe that any research involving the consumption of a psychoactive substance by a human should be considered by an ethics committee, not least to give due regard to the safety of the research's participants. From our discussions with the research community over the summer, we have not been able to identify any example of in-scope research which has not been considered by an ethics body, so this exemption should not create any additional bureaucracy for the research community, nor require bona fide researchers to do anything they do not already do. We are just conscious not to create a loophole which allows head shops and others to undertake so-called research to facilitate the supply of these substances. It is worth putting on record again that a considerable amount of scientific research falls outside the scope of the Bill in any case. Only research involving the consumption of a psychoactive substance by a person would be caught.

Commons Amendment 11 includes a power to add to or vary the list of exempted activities in the new schedule inserted by Commons Amendment 43. This regulation-making power effectively replaces that in Clause 10, so Commons Amendment 12 omits that

[LORD BATES]
clause. Commons Amendments 2 to 4, 7, 8, 13, 29, 30 and 38 are all consequential on Commons Amendments 11 and 43.

I was asked about poppers. The Government recognise that representations have been made to the effect that poppers have a beneficial health and relationship effect. In consultation with the Department of Health and the Medicines and Healthcare Products Regulatory Agency—the MHRA—the Home Office will therefore consider, following the enactment of the Bill and before the Summer Recess, whether there is evidence to support these claims and, if so, whether it is sufficient to justify exempting the alkyl nitrites group, or individual substances in that group. Clause 3 enables the Home Secretary, by regulations—after statutory consultation with the Advisory Council on the Misuse of Drugs and subject to the affirmative procedure—to add to the list of exempted substances in Schedule 1 to the Bill.

Finally, I thank all those in the medical and research community, as well as those in government departments and this House, who assisted us over the summer in drafting these amendments. I now believe that we have a strong exemption list which meets the guiding principle. I beg to move.

Lord Rosser: I thank the noble Lord for his very full and thorough explanation of the purpose and intention of this group of amendments. As the Minister has said, the intention of this group is to address concerns expressed by ourselves and other noble Lords, including the noble Baroness, Lady Meacher, during the Bill's passage in this House, that healthcare activities and scientific medical research relating to new psychoactive substances were not adequately protected in the Bill. The amendments insert a new clause and schedule to provide for exemptions to the offences under Clauses 4 to 8 of the Bill and the new possession offence which has just been discussed. As the Minister said, these exemptions are for activities carried out by healthcare professionals and for approved scientific research activity. The Government's amendments also confer on the Secretary of State the power, through regulations subject to the affirmative procedure, to add to or vary any activity described in the schedule to the Bill which has now been inserted by the Commons.

The Minister has referred to the position of those bodies and institutions directly affected by this Commons amendment. I think the Minister has already said this, but I would be grateful if he would confirm that those bodies and institutions are satisfied that the amendments that have been carried in the Commons, and which we are considering at the moment, meet the concerns that they have expressed.

Finally, in relation to poppers, I understand that a decision is likely to be made fairly soon. I think the suggestion was that conclusions might be reached by the summer. Are we then in a situation where poppers might be banned under the terms of the Bill, only to be—if I may use the expression—unbanned in the summer? Or are we in a situation where the terms of the Bill in relation to the new psychoactive substances will not come into force until a conclusion has been reached in respect of poppers?

4 pm

Baroness Hamwee: I welcome these amendments very much, particularly the ones relating to research, a concern about which was shared on these Benches. I remember asking about veterinary research, as distinct from research relating to human medicine. There were some raised eyebrows at that point and I had better not pursue it now. But I assume that these provisions will enable research regarding the medicinal use of cannabis, about which we were particularly concerned and on which I moved an amendment. The possible limitation of research was one of the concerns underlying that amendment.

I have a couple of questions for the Minister. I hope I gave him enough notice of them. I am sorry that they came so late by email. Both relate to the definition of, "a relevant ethics review body".
The first is on the use of the term "individuals" in paragraph 4(b) of the proposed new schedule. I wondered whether that might suggest—clearly absurdly—that we were looking at research involving separate individuals rather than cohorts of people. When I looked at the Human Medicines Regulations, I realised that the term "human beings" was used and that seemed a rather more appropriate term, less likely to be interpreted in a different way.

My second concern is with regard to charities. We very much want to see wide research so we welcome this approach. I recognise that the regulation of charities has been the subject of some concern and some change recently, but we may not be altogether rid of—how can I put it?—dodgy charities. Is there any sort of loophole here that would enable a dodgy charity to have an ethics committee—it would probably be rather a dodgy ethics committee but, nevertheless, it would be one—that would allow less than appropriate research?

Lord Hayward (Con): I would like to pursue the matter raised by the noble Lord, Lord Rosser, as well as touch on a broader aspect of the legislation. I am in the slightly odd position of having arrived in this place after the original debates in Committee, and I would like to make two points.

First, there is something I do not really understand—and I say this having been chief executive of the British Beer & Pub Association. Pubs were created in 1751. This legislation is all or nothing. There is no allowance for things that might be sold in either a licensed premises or a regulated premises. There are many things in British life that are sold under such circumstances and I do not understand why we have to have an all-or-nothing approach to these substances. I understand the nature of the legislation but there are chemical circumstances under which people could define things and regulate them. If we have been doing something for 260 years, I think the Home Office might catch up. It is probably not its finest hour in terms of legislative process.

To follow up the question asked by the noble Lord, Lord Rosser, since the Government say—this is a change of position, although it was not a specific government amendment—that they will look at something, they could do one of two things. They could either adjust the timetable for the whole legislation and defer it slightly or rush through a consideration of something

that is likely to be driven underground in the mean time. The noble Lord, Lord Rosser, asked whether we are going to ban and then unban. What advice will be given to the police in the mean time? Are they to disregard the sale of illegal products or are they just not to prosecute? It really does not make sense. I suggest that we either adopt a position of regulating products or defer the introduction of this legislation.

Lord Bates: In response, I say first to my noble friend Lord Hayward, who has been a welcome addition to this House since his arrival, that when we were considering the Bill during its earlier stages in this House, the problem we were trying to identify was that once these new psychoactive substances were named, I or someone else, such as my noble friend Lady Chisholm, would come before your Lordships' House with secondary legislation seeking to ban a particular chemical composition. Then it would be slightly tweaked by one or two molecules and reappear the next week as something else, and all the time people would be put at risk. That was the mischief that the whole thrust of this legislation was about. In the Conservative Party manifesto at the last election, we also made it clear that we would institute a blanket ban.

Forgive me for going through the points raised almost in reverse order, but my noble friend Lord Hayward asked whether we are going to ban and then unban. That is to prejudge the outcome of the consultation and review. The review may say that it is something that should be taken off the list; it may say that it should remain on the list. That is for it to do, so we do not know what the outcome will be. As we do not know that, we cannot prejudge it by putting it into this primary legislation. But because of this legislation we have a secondary legislation option whereby, if that decision is taken as a result of the consultation, we can act quickly to address it.

Let me deal with some of the other points which were raised. First, the noble Lord, Lord Rosser, asked me to confirm whether various medical groups and research groups had been consulted. Yes, they have, and they have been immensely helpful. I know that many in your Lordships' House who spoke in Committee and on Report were speaking precisely to that point about the potential danger that this posed to legitimate medical research. I think they would welcome the fact that we have made it explicit in the Bill that these exemptions are there for research.

I thank the noble Baroness, Lady Hamwee, for her advance notice of the question on charities. The charity we are talking about would of course be a registered charity, and it would have to be one concerned with the advancing of health and saving lives. One hopes that the ability of someone to set up a "charitable body" which then started dispensing might be restricted, in the same way as restricting research to that approved by an ethics committee was the correct way forward. I can confirm that the Academy of Medical Sciences and other research communities were consulted on this. Also in response to the noble Baroness, cannabis is a controlled drug so it is outside the scope of the Bill, as controlled drugs are specifically exempt. The regulations that govern research in relation to cannabis are under the Misuse of Drugs Act, which is unchanged.

I may have answered the other points that were raised —no, there was a specific one on the term "individual". The definition of the ethics body in new paragraph 4(b) does not exclude clinical trials of cohorts of people, as it refers to "individuals"—plural—not to an individual. It is important that medical charities such as Cancer Research are able to benefit from this exemption. We do not believe that the exemption for charities risks opening any loopholes. Section 1 of the Charities Act 2011 defines a charity as,

"an institution … established for charitable purposes only".

Section 2(1)(b) of the Act states that the charitable purposes must be in the public interest. Head shops are unlikely to be considered as acting in the public interest—on the contrary, we would argue—so could not benefit from this exemption. I hope that that has been helpful in addressing some of the points raised.

Lord Rosser: The situation with poppers is that they are not banned at the moment, but they will be when the Bill comes into effect and becomes an Act. I accept what the Minister says about the wording being "could" not "will", but they could then be unbanned in the summer, as I think the Government have said that they expect their consideration by experts will be concluded by the Summer Recess. Is that a particularly satisfactory situation? If I am correct, something that is not banned at the moment may end up being banned for a few months and then unbanned.

Lord Bates: In a sense, my argument is about what alternative we have to this. The moment for putting something through now, in primary legislation, has passed. We have to allow this to take its course. Our concession was to say that we would undertake a review in consultation with the Department of Health and the Medicines and Healthcare Products Regulatory Agency. Following the enactment of the Bill, and before the Summer Recess, we will consider whether there is evidence to support these claims. There is a question mark there and we believe that that research and consultation need to happen before we take any further action at this stage.

I see that the cavalry has arrived; I am, as ever, grateful my noble friend Lady Chisholm. To add to the list of exemptions requires the Home Secretary only to make regulations subject to affirmative procedure. To remove from the original list of exemptions would require further primary legislation. I think I have already said this, so I rest my case at that point and beg to move Amendments 2 to 4 in my name.

Baroness Hamwee: My Lords, the point is well made and this is an almost insoluble dilemma. I entirely see the Government's concern to have the overall legislation in place quickly. However, first, can the Minister give the House any news as to when this may come into effect? Secondly, with regard to the particular situation which has been described, this is by no means a solution, but has the Minister been advised as to the likely view of the judiciary—if that is not an improper question for a Minister to answer—in a situation where, by the time a charge comes to be heard by a court, an exemption has been made through regulations?

Lord Bates: Subject to your Lordships' approval this afternoon, the legislation will come into force in April 2016. We discussed in Committee, with the noble Lord, Lord Pannick, how the police might respond to that. The police of course have discretion in these circumstances, and we have said very clearly that we know who we are after in relation to this, which is the people who are actually importing, selling and supplying these dangerous substances. I believe that the police can use their discretion at that point. If there are specific circumstances that require further clarification on that, it can be provided for later under the terms of the Bill.

Motion agreed.

4.15 pm

Motion on Amendments 5 to 13
Moved by ***Lord Bates***

That this House do agree with the Commons in their amendments 5 to 13.

5: Clause 6, page 3, line 43, leave out "on prison premises." and insert "in a custodial institution.

( ) In this section—

"custodial institution" means any of the following—

(a) a prison;

(b) a young offender institution, secure training centre, secure college, young offenders institution, young offenders centre, juvenile justice centre or remand centre;

(c) a removal centre, a short-term holding facility or pre-departure accommodation;

(d) service custody premises;

"removal centre", "short-term holding facility" and "pre-departure accommodation" have the meaning given by section 147 of the Immigration and Asylum Act 1999;

"service custody premises" has the meaning given by section 300(7) of the Armed Forces Act 2006."

6: Clause 6, page 3, transfer subsection (9) to the end of line 29 on page 3

7: Clause 7 page 4, line 18, leave out from "subject to" to end of line 19 and insert "section *(Exceptions to offences)* (exceptions to offences)."

8: Clause 8 page 5, line 6, leave out from "subject to" to end of line 7 and insert "section *(Exceptions to offences)* (exceptions to offences)."

9: After Clause 8, insert the following new clause—

"Possession of a psychoactive substance in a custodial institution

(1) A person commits an offence if—

(a) the person is in possession of a psychoactive substance in a custodial institution,

(b) the person knows or suspects that the substance is a psychoactive substance, and

(c) the person intends to consume the psychoactive substance for its psychoactive effects.

(2) In this section "custodial institution" has the same meaning as in section 6.

(3) This section is subject to section (Exceptions to offences) (exceptions to offences)."

10: Clause 9 page 5, line 26, at end insert—

"( ) A person guilty of an offence under section (*Possession of a psychoactive substance in a custodial institution*) is liable—

(a) on summary conviction in England and Wales—

(i) to imprisonment for a term not exceeding 12 months (or 6 months, if the offence was committed before the commencement of section 154(1) of the Criminal Justice Act 2003), or

(ii) to a fine, or both;

(b) on summary conviction in Scotland—

(i) to imprisonment for a term not exceeding 12 months, or

(ii) to a fine not exceeding the statutory maximum, or both;

(c) on summary conviction in Northern Ireland—

(i) to imprisonment for a term not exceeding 6 months, or

(ii) to a fine not exceeding the statutory maximum, or both;

(d) on conviction on indictment, to imprisonment for a term not exceeding 2 years or a fine, or both."

11: After Clause 9, insert the following new clause—

"**Exceptions to offences**

(1) It is not an offence under this Act for a person to carry on any activity listed in subsection (3) if, in the circumstances in which it is carried on by that person, the activity is an exempted activity.

(2) In this section "exempted activity" means an activity listed in Schedule

(Exempted activities).

(3) The activities referred to in subsection (1) are— (a) producing a psychoactive substance;

(b) supplying such a substance;

(c) offering to supply such a substance;

(d) possessing such a substance with intent to supply it; (e) importing or exporting such a substance;

(f) possessing such a substance in a custodial institution (within the meaning of section (*Possession of a psychoactive substance in a custodial institution*)).

(4) The Secretary of State may by regulations amend Schedule (Exempted activities) in order to—

(a) add or vary any description of activity;

(b) remove any description of activity added under paragraph (a).

(5) Before making any regulations under this section the Secretary of State must consult—

(a) the Advisory Council on the Misuse of Drugs, and

(b) such other persons as the Secretary of State considers appropriate.

(6) The power to make regulations under this section is exercisable by statutory instrument.

(7) A statutory instrument containing regulations under this section may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament."

12: Clause 10 page 5, line 27, leave out Clause 10

13: Clause 11 page 6, line 16, leave out "regulations under section 10." and insert "section *(Exceptions to offences)*."

Motion agreed.

Motion on Amendments 14 to 20
Moved by ***Lord Bates***

That this House do agree with the Commons in their Amendments 14 to 20.

14: Clause 23, page 14, line 34, leave out from beginning to "except" in line 35 and insert "in a case where the prohibition order or the premises order imposing the access prohibition was made by a court in England and Wales or Northern Ireland, the court that made the order,"

15: Clause 23, page 14, line 42, at end insert—

"( ) in a case where the prohibition order or the premises order imposing the access prohibition was made by a court in Scotland, the sheriff."

16: Clause 27, page 17, line 3, leave out paragraph (b) and insert—

"(b) where—

(i) the order was made under section 18 on an appeal in relation to a person's conviction or sentence for an offence, or

(ii) the order was made by a court under that section against a person committed or remitted to that court for sentencing for an offence,

the court by or before which the person was convicted (but see subsection (6A));"

17: Clause 27, page 17, line 8, at end insert—

"(6A) Where the person mentioned in subsection (6)(b)—(a) was convicted by a youth court, but

(b) is aged 18 or over at the time of the application,

the reference in subsection (6)(b) to the court by or before which the person was convicted is to be read as a reference to a magistrates' court or, in Northern Ireland, a court of summary jurisdiction."

18: Clause 31, page 19, line 32, leave out "arising by virtue of" and insert "under"

19: Clause 31, page 20, line 1, leave out subsection (5) and insert—

"( ) An Act of Adjournal under section 305 of the Criminal Procedure (Scotland) Act 1995 (Acts of Adjournal) may be made in relation to proceedings before the High Court of Justiciary, the sheriff or the Sheriff Appeal Court—

(a) arising by virtue of section 18 or 28;

(b) under section 27, where the application relates to a prohibition order made under section 18;

(c) under section 29(5);

(d) under subsection (1) of section 30, where the relevant order (as defined in subsection (3) of that section) was made under section 18;

(e) under section 30(7)."

20: Clause 31, page 20, line 13, leave out subsection (7)

Lord Bates: Noble Lords will recall that at Report in July, I moved various technical amendments to the Bill to ensure that it properly reflects Scots law and Scottish judicial and policing practice. The Commons amendments in this group are in a similar vein. The group also repeals the Intoxicating Substances (Supply) Act 1985, which the Bill renders redundant. I can provide further detail if required, but for now, I beg to move.

Motion agreed.

Motion on Amendments 21 to 48

Moved by ***Lord Bates***

That this House do agree with the Commons in their Amendments 21 to 48.

21: Clause 35 page 22, line 5, leave out "8" and insert "(*Possession of a psychoactive substance in a custodial institution*)"

22: Clause 35, page 22, line 21, leave out "8" and insert "(*Possession of a psychoactive substance in a custodial institution*)"

23: Clause 38 page 24, leave out lines 1 to 4 and insert—

"( ) a warrant that relates only to premises specified in the warrant (a "specific-premises warrant"), or

( ) in the case of a warrant issued in England and Wales or Northern Ireland, a warrant that relates to any premises occupied or controlled by a person specified in the warrant (an "all-premises warrant")."

24: Clause 39 page 24, line 23, at end insert—

"( ) An application for a search warrant may be made without notice being given to persons who might be affected by the warrant.

( ) The application must be supported—

(a) in England and Wales, by an information in writing; (b) in Scotland, by evidence on oath;

(c) in Northern Ireland, by a complaint on oath.

( ) A person applying for a search warrant must answer on oath any question that the justice hearing the application asks the person.

In the case of an application made by a procurator fiscal, that requirement may be met by a relevant enforcement officer."

25: Clause 39 page 24, line 32, leave out "search warrants." and insert "—

(a) applications for search warrants made in England and Wales or Northern Ireland, and

(b) search warrants issued in England and Wales or Northern Ireland."

26: Clause 39 page 24, line 33, after "warrant" insert "issued in England and Wales or Northern Ireland"

27: Clause 42 page 26, line 9, leave out "8" and insert "(*Possession of a psychoactive substance in a custodial institution*)"

28: Clause 47 page 28, line 37, leave out subsection (5)

29: Clause 49 page 29, line 28, leave out "regulations under section 10" and insert "section *(Exceptions to offences)*"

30: Clause 50 page 31, line 12, leave out "regulations under section 10" and insert "section *(Exceptions to offences)*"

31: Clause 53 page 32, line 43, leave out "8" and insert "(*Possession of a psychoactive substance in a custodial institution*)"

32: Clause 53, page 33, line 2, leave out second "or" and insert "except where paragraph (b) or (c) applies;"

33: Clause 53, page 33, line 4, at end insert—

"(c) if the person is remitted to the High Court of Justiciary to be dealt with for that offence, the High Court of Justiciary."

34: Clause 53, page 33, line 26, leave out "8" and insert "(*Possession of a psychoactive substance in a custodial institution*)"

35: Clause 53, page 33, line 28, leave out "8" and insert "(*Possession of a psychoactive substance in a custodial institution*)"

36: Clause 53, page 33, line 30, leave out "8" and insert "(*Possession of a psychoactive substance in a custodial institution*)"

37: Clause 53, page 33, line 32, leave out "8" and insert "(*Possession of a psychoactive substance in a custodial institution*)"

38: Clause 54 page 34, line 9, leave out "regulations under section 10." and insert "section *(Exceptions to offences)*."

39: Clause 58 page 36, line 23, after "Court" insert ", other than the reference in section 30(1) in relation to a prohibition order made under section 18,"

40: Clause 61 page 37, line 9, at end insert—

"( ) The power under section 384(1) of the Armed Forces Act 2006 ("the 2006 Act") may be exercised so as to extend to any of the Channel Islands (with or without modifications) any amendment or repeal made by or under this Act of any part of the 2006 Act.

( ) The power under section 384(2) of the 2006 Act may be exercised so as to modify any provision of that Act as amended by or under this Act as it extends to the Isle of Man or a British overseas territory."

41: Schedule 1 page 38, line 7, leave out from "products" to end of line 12 and insert—

"In this paragraph "Medicinal product" has the same meaning as in the Human Medicines Regulations 2012 (S.I. 2012/1916) (see regulation 2 of those Regulations)."

42: Schedule 1 page 38, line 13, leave out paragraphs 3 to 5

43: After Schedule 1, insert the following new Schedule—

"EXEMPTED ACTIVITIES

Healthcare-related activities

1 Any activity carried on by a person who is a health care professional and is acting in the course of his or her profession.

In this paragraph "health care professional" has the same meaning as in the Human Medicines Regulations 2012 (S.I. 2012/1916) (see regulation 8 of those Regulations).

2 Any activity carried on for the purpose of, or in connection with—

(a) the supply to, or the consumption by, any person of a substance prescribed for that person by a health care professional acting in the course of his or her profession, or

(b) the supply to, or the consumption by, any person of a substance in accordance with the directions of a health care professional acting in the course of his or her profession.

In this paragraph "health care professional" has the same meaning as in the Human Medicines Regulations 2012 (see regulation 8 of those Regulations).

3 Any activity carried on in respect of an active substance by a person who—

(a) is registered in accordance with regulation 45N of the Human Medicines Regulations 2012, or

(b) is exempt from any requirement to be so registered by virtue of regulation 45M(2) or (3) of those Regulations.

In this paragraph "active substance" has the same meaning as in the Human Medicines Regulations 2012 (see regulation 8 of those Regulations).

Research

4 Any activity carried on in the course of, or in connection with, approved scientific research.

In this paragraph—

"approved scientific research" means scientific research carried out by a person who has approval from a relevant ethics review body to carry out that research;

"relevant ethics review body" means—

(a) a research ethics committee recognised or established by the Health Research Authority under Chapter 2 of Part 3 of the Care Act 2014, or

(b) a body appointed by any of the following for the purpose of assessing the ethics of research involving individuals—

(i) the Secretary of State, the Scottish Ministers, the Welsh Ministers, or a Northern Ireland department;

(ii) a relevant NHS body;

(iii) a body that is a Research Council for the purposes of the Science and Technology Act 1965;

(iv) an institution that is a research institution for the purposes of Chapter 4A of Part 7 of the Income Tax (Earnings and Pensions) Act 2003 (see section 457 of that Act);

(v) a charity which has as its charitable purpose (or one of its charitable purposes) the advancement of health or the saving of lives;

"charity" means—

(a) a charity as defined by section 1(1) of the Charities Act 2011,

(b) a body entered in the Scottish Charity Register, or

(c) a charity as defined by section 1(1) of the Charities Act (Northern Ireland) 2008;

"relevant NHS body" means—

(a) an NHS trust or NHS foundation trust in England, (b) an NHS trust or Local Health Board in Wales,

(c) a Health Board or Special Health Board constituted under section 2 of the National Health Service (Scotland) Act 1978,

(d) the Common Services Agency for the Scottish Health Service, or

(e) any of the health and social care bodies in Northern Ireland falling within paragraphs (a) to (d) of section 1(5) of the Health and Social Care (Reform) Act (Northern Ireland) 2009."

44: Schedule 2, page 39, line 25, at end insert—

"PART A1

APPLICATION OF THIS SCHEDULE

This Schedule applies to—

(a) applications for search warrants made in England and Wales or

Northern Ireland, and

(b) search warrants issued in England and Wales or Northern Ireland."

45: Schedule 2, page 39, line 29, leave out paragraph 1

46: Schedule 2, page 42, line 27, leave out "issued in England and Wales or Northern Ireland"

47: Schedule 4, page 48, line 16, at end insert—

"Intoxicating Substances (Supply) Act 1985

(1) The Intoxicating Substances (Supply) Act 1985 is repealed.

(2) In consequence of the repeal made by sub-paragraph (1), in Schedules 3 and 6 to the Regulatory Enforcement and Sanctions Act 2008, omit the entry relating to the Intoxicating Substances (Supply) Act 1985."

48: Schedule 4, page 53, line 40, at end insert—

"Regulatory Enforcement and Sanctions Act 2008

In Schedule 3 to the Regulatory Enforcement and Sanctions Act 2008 (enactments specified for the purposes of Part 1 of that Act), at the appropriate place insert—

"Psychoactive Substances Act 2016"."

Motion agreed.

Housing and Planning Bill

Second Reading

4.16 pm

Moved by ***Baroness Williams of Trafford***

That the Bill be now read a second time.

The Parliamentary Under-Secretary of State, Department for Communities and Local Government (Baroness Williams of Trafford) (Con): My Lords, it is a great pleasure and a privilege to open this Second Reading debate on the Housing and Planning Bill in your Lordships' House. We have within this House some of the country's finest experts on local government, housing and planning, and I look forward to constructive and positive discussions over the coming months.

I particularly look forward to the maiden speech of the noble Baroness, Lady Thornhill. As the first woman to become a directly elected mayor, I have no doubt that she will bring immense value to your Lordships' House over the coming years. I also look forward to responding to the noble Lord, Lord Thurlow, who also makes his maiden speech today. As both a parish councillor for the past 10 years and an experienced chartered surveyor, his contributions will no doubt greatly enhance our debate today.

It has been just over two years since I took my seat in your Lordship's House, and seven months since I took my position here on the Front Bench. Debating within this Chamber how we can improve the lives of our citizens has been one of the most rewarding things that I have done, but time and again, I have noticed a pattern to our discussions. On the range of topics brought before us, we keep returning to one question: are the Government doing all that they can?

We asked ourselves that question when we wrote the manifesto on which we were elected, and, in particular, when we considered the challenges faced by those seeking to own their own home, such as: the collapse in housebuilding following the financial crisis in 2008, with completions falling to a level not seen since the 1940s; average house prices being eight times the average salary of those aged between 22 and 39, meaning that 84% of home owners are now over the age of 40; and only a quarter of social renters believing that they will ever get to own their own home.

The Bill addresses those challenges and more, implementing a number of commitments made at the general election. It is the fulfilment of this Government's contract to continue the progress that we have already

made to tackle this housing crisis head on. It is the proof that we believe that the Government should do all they can to ensure that our children can own their own home. It is the proof that we believe that those who rent should do so in a home that is right for them, protected from rogue landlords and unscrupulous agents, with our social housing doing what it does best—supporting those who need it most. It is the proof, we believe, that our planning system should be the envy of the world, able to unlock the land needed to deliver new homes and to deliver them where they are desperately needed.

As we discuss this Bill, we should keep coming back to the word "home". Churchill once said:

> "There is no doubt that it is around the family and the home that all the greatest virtues, the most dominating virtues of human society, are created, strengthened, and maintained."

There are roughly 200,000 households being formed every year, all of whom seek to create their first home. They are the very people, in every part of England, that this Bill seeks to help. Some of them will look to the private rented sector and approach a letting agent or private landlord. This Bill will ensure that they can do so with confidence. It will make sure that bad landlords are driven from the sector and that good ones can quickly reclaim abandoned property so it can provide a home for someone else.

Some of these new households will, of course, look to their local authority for help, but, despite the number of people on council waiting lists having fallen under this Government, many will be disappointed. Once a council home is allocated, many people stuck on the waiting list see it disappearing for ever, gone for a generation or more. Now, those people will know that new allocations are regularly reviewed, with new opportunities as a result. If a household, after saving for so long, buys its social home, then an additional home will be built. This Bill will mean that social housing works for the social good of the nation. This is a Bill to make social housing fair, stop private tenants questioning why they pay one level of rent while their neighbour, a social tenant with a similar job and similar high income, is not paying a similar rent, and use the high value of an empty council asset to unlock new homes for more families than ever before and more home owners than ever before. It is our statement that the Government are doing all they can, whatever it takes, to assure those on the waiting list that social housing continues to protect and shelter those who need it the most.

Many of the 200,000 new households each year will want not to rent but to buy their first home. For them, every penny counts. Some will rent privately and attempt to save money for a deposit, and others will stay with family and do what it takes to get on the property ladder, but this is where the problem lies. Despite our best efforts, successive Governments have not been doing all they can to help them. The homes are just not there. Most local authorities in England have seen build rates more than 20% below projections for growth in their households. Since coming into government, we have made a real difference and turned this around. The number of homes being started is now at its highest annual level since 2007. More than 704,000 additional homes have been delivered since April 2010, the number of first-time buyers is at seven-year annual high and mortgage approvals are up 19% on last year.

However, for people still desperate for a first home of their own, mere statistics do not matter. They look to the Government to do more and to your Lordship's House to assist us in laying the foundations so that homes are within reach for the first time in decades. The Bill will deliver our manifesto commitment to place starter homes at the heart of new developments, a welcome addition to our growing package of support for future home owners, with a 20% discount to get people on the housing ladder. We are providing £2.3 billion to help get starter homes built as part of our £8 billion package for more than 400,000 affordable homes in total. Once again, this is the Government delivering their contract with the electorate with a long-term economic plan to deliver affordable homes to buy as well as to rent.

As we scrutinise the Bill over the coming weeks, we must not forget the context in which it sits. Nearly 270,000 households have been helped to purchase a home since spring 2010 through government-backed schemes, and more council housing has been built since 2010 than in the previous 13 years. If you are a council tenant and you want to buy your home, you can get a discount of up to £103,900. If you are a housing association tenant and want to buy a home, you will have the same opportunity. If you want a new-build house, we will provide equity of up to 40% of the cost of your home or guarantee your mortgage on an older one. If you are desperately saving for a deposit, we will boost your savings by 25% through a Help to Buy ISA. We are doing all we can to support existing social tenants as well, cutting rents for housing association and local authority households by around 12% by 2020. Therefore, taken together with our wider work, the Bill means that we now have ground-breaking opportunities for future homeowners alongside a fair social housing sector with even fairer rents.

At this point I pay tribute to the National Housing Federation. We have always said that housing associations know the needs of their tenants. They know their stock and their residents, which is why we were pleased that they proposed a voluntary agreement to help people into home ownership. Ahead of the main scheme, five housing associations are running a voluntary right-to-buy pilot, and from yesterday the first tenants have been able to start that application process. I said that the Bill means that social housing works for the social good of the nation, and the voluntary agreement reflects this. The agreement sets out that they retain discretion when selling a property, a policy I know many noble Lords will welcome. That means that supported housing, historic legacy stock, properties built with charitable resources, homes in rural areas and properties held in a community land trust can all be protected. In addition, as with the existing right to buy, almshouses will not be included in the scheme.

Social housing will remain for the continued social good of the nation. To fulfil the Government's mandate and do what we promised, we have to once again look at the speed at which we give planning permission for new homes. Our planning system is already one to be proud of. In the year ending last September, the reformed planning system gave permission for 251,000 new homes —up 53% on the year to September 2010. Our reforms have changed how people look at housebuilding in their communities. Local support has doubled in

[Baroness Williams of Trafford]
the last four years, from 28% in 2010 to 56% now, while opposition to local housebuilding has more than halved during the same period. Over 1,700 communities, representing over 8 million people, have started the process of neighbourhood planning.

People want new homes built, and built quickly. This Bill is a shot in the arm for the planning process. It speeds up neighbourhood planning so local communities can confidently plan their future and families can be kept close. Confidence in the planning system is absolutely vital, not just for those communities but to maintain the economic recovery of housebuilders. Local plans are now fundamental, and people expect them. Having one in place is now non-negotiable, not only from the Government's point of view but also from communities which elect local councillors but fail to see results. Once again, the public expect the Government to do all they can to make sure it happens. They expect to have confidence that the planning system will deliver new homes. Therefore we have been clear: if a local plan is not in place, we will step in, consult with communities and make sure that plans are there. There will be confidence that the way we use our public land—and the way that all-important permission for housing is granted—is smart and fit for the future. Public sector land will no longer sit in surplus.

We have considered the needs of the capital and have refined the Bill accordingly. Fundamentally, we have also considered whether we can do more to help new homes get built for those who want to buy or to rent.

We will continue to ask ourselves whether we can use this opportunity to go further in meeting the expectations of the 200,000 households being formed each year. Where we think we can, we will bring forward amendments to do so. I will consider carefully the views of noble Lords who propose amendments because they, too, think we can go further. Sometimes, of course, we will disagree, but I hope that on many issues we will be able to come to an informed consensus on how the Bill—and the opportunities for those seeking a new home—can be improved.

The Government were elected by people who expect to see us do all we can to increase home ownership, get homes built where they are needed and ensure that social and private housing markets are fair, free from excessive regulation and fit for the future. Let us pass back to the other place a Bill which delivers these expectations, benefits from your Lordships' experience and scrutiny, makes real the dream of home ownership and proves that this House puts party politics aside to get homes built for those who need them most. I beg to move.

4.29 pm

Lord Kennedy of Southwark (Lab): My Lords, first, I declare interests as an elected councillor in Lewisham and as a trustee of United St Saviour's Charity, which runs a number of supported housing schemes in south London.

I look forward to the maiden speech of the noble Baroness, Lady Thornhill, who is the directly elected mayor of Watford and brings her vast experience of local government to this debate. I read that she is a supporter of Watford Football Club. All I can say is that I hope that my team meets her team one day in the Premiership—although, as a lifelong supporter of Millwall Football Club, I imagine that that could take a couple of years yet. I also look forward to the maiden speech of the noble Lord, Lord Thurlow, who is an elected hereditary Peer, a Cross-Bencher, a parish councillor and a chartered surveyor by profession. Both the noble Baroness and the noble Lord are very welcome at our deliberations today.

We are in the midst of a housing crisis, with the lowest level of housebuilding since the 1920s. The number of homes completed in 2014 reached 117,000, which is less than the lowest number of homes built under the last Labour Government. Last year, the Government built the fewest homes for social rent in more than two decades—just under 11,000 compared with 33,000 in Labour's last year of office. In addition, there is an ever-increasing housing benefit bill, which has grown by £2 billion in five years, and a shocking increase in homelessness and rough sleeping. We have had five years of failure, and the response from the Government is the Housing and Planning Bill. It is not the Bill to meet the challenge that we face or to give people hope that things will change and get better.

There are parts of the Bill that we can support, including action to deal with rogue landlords, the section on self-build and custom-built housing, and action to speed up compulsory purchase. We will seek to strengthen these measures as the Bill goes through your Lordships' House.

However, most of the Bill contains measures that we cannot support. We will be seeking to persuade the Government that their proposals will do nothing to help a family struggling to make ends meet and who will be worried that their rent is going to be hiked up to unaffordable levels due to the pay-to-stay measures. Nor will they help a young couple living in the private rented sector who will face ever-increasing rent rises and look with despair at the new starter home proposals. These unrealistic proposals will deliver nothing for them.

We on these Benches are supportive of measures to increase home ownership, but the starter homes product is still unaffordable to many people. We have concerns about the deposit that people will need to raise to purchase one of these homes in London and about the level of income that will be needed to keep up the repayments. It has been suggested that an income in the region of £77,000 a year could be required. The Council of Mortgage Lenders is also raising concerns that the scheme as presently proposed could prove very unattractive to lenders. So we have a scheme that is unaffordable to many prospective first-time buyers, and a financial services industry that is at best a bit lukewarm about the proposals, with some lenders considering whether they want to be part of the scheme at all.

Others have raised concerns about the scheme. They include Mr Nick Hurd, the Conservative Member of Parliament for Ruislip, Northwood and Pinner, who thought that the £450,000 price cap was more likely to be seen as a price guide by developers. Concerns were also raised by Ms Nicola Blackwood, the Conservative Member for Oxford West and Abingdon in the other place. In addition, London Councils and

others have said that the powers to be taken by the Secretary of State must be used in a proportionate way that takes account of local housing need before overriding any local policy document. Quite rightly, local authorities in London want assurances that local overall housing need will be taken into account and that this policy will not just be forced through without any reference to local circumstances. I hope the noble Baroness, Lady Williams of Trafford, will address that specific point at the end of the debate. Will she also comment on how the infrastructure required for these starter homes will be funded?

As I said earlier, we have no particular issues with the section of the Bill concerned with self-build and custom housebuilding, although we will explore through probing amendments whether anything further can be done to improve these measures.

Another aspect of the Bill that causes concern is the forced sale of so-called high-value council housing to fund the extension of the right to buy to housing association tenants. There appears to be no proper plan for the replacement of these homes on a like-for-like basis in the areas where the homes are sold. The loss of a social rented property and its replacement with an affordable rented property—which, in many parts of the country and in particular London, is actually unaffordable—risks breaking up communities. However, this big plan of the Government is not funded by them; it is funded by penalising local authorities in a most unfair way.

In responding to the debate, will the Minister answer the question concerning many London local authorities: will housing associations be required to replace the property in the same area, the same London borough or even in London, or can they put it where they like? What happens if the local authority has transferred all its stock and has no housing to sell? Can she also tell us what will be done if the receipts do not cover everything that is meant to be funded out of the sale, such as the debt charge on the property, the provision of the new home, the brownfield levy et cetera?

Again, in the other place, concerns on this aspect of the Bill were raised by many Members, including Conservative Members such as Dr Sarah Wollaston, the Member for Totnes, particularly in respect of the effect on rural communities of housing associations selling their properties. We share those concerns and I hope that the Minister will seek to alleviate them in her response today. These are matters on which I am sure we will bring forward amendments for consideration in your Lordships' House.

Another area where disquiet has been raised is the pay-to-stay scheme. If not implemented properly, the scheme runs the risk of negatively affecting the social mix of boroughs and penalising people on modest incomes. Earning limits of £40,000 in London and £30,000 elsewhere are just not realistic. With just a cursory look on a job website, you can find, for example, an office administrator being paid £25,000 a year, or a Sainsbury's internet shopper—the person who puts all the groceries in the bags before they are delivered to your front door—being paid £16,000 a year. Those figures are for a 40-hour week, before tax, in London. With those or a similar combination of jobs, a couple would easily find that they had breached the income threshold of £40,000. The situation is equally unrealistic outside London, with a cap of just £30,000. Add to that a young person who cannot afford to rent a place of their own and is still living with mum and dad, and you have a family in a really difficult situation.

I live in Lewisham in a very ordinary terrace house, for which I have a mortgage. Rents for similar properties in the private sector locally have reached £2,500 a month or £30,000 a year. The proposals in this Bill put people on modest incomes at risk of finding themselves having to pay a market rent, or so-called affordable rent or some other variation, which would be considerably more than they paid before. That is just unfair. We on these Benches will seek to make the system fairer, more realistic and more understanding of people's circumstances.

During the passage of the Bill, we also want to examine the nature of the voluntary deal that has been reached between the Government and housing associations and to ensure proper protection for specialist housing, including supported housing.

We on these Benches welcome proposals to bring stricter enforcement to the private rented sector, in particular the introduction of banning orders, along with a rogue landlord database, the expansion of rent repayment orders, and equipping local authorities with information on landlords and their properties through the tenancy deposit scheme, as well as the introduction of fixed-penalty notices. There are, of course, some very good examples of progressive, forward-thinking local authorities, such as Newham and Waltham Forest, that have already been actively working to improve the standards in the private rented sector in their boroughs for many years. There is also a case for the devolution of power from the Secretary of State to the Mayor of London, and so getting the London local authorities and the mayor to work more closely together to make real improvements. The financial penalties for breaches by landlords, introduced by the Government during Report in the other place, are very much welcome in that respect.

We do, however, have concerns about the new fast-track eviction process for landlords to reclaim their property without reference to the courts. That could put tenants in a very vulnerable position, and we will want to explore this during consideration of the Bill. What are the protections for tenants from being illegally evicted by the very rogue landlords we have just been talking about? It would be helpful to the House if the Minister could again explain why the Government thought it necessary to include this provision. What evidence do they have to suggest that abandonment is such a significant problem, and what is in place to protect tenants from illegal eviction?

At present, the Bill does not include anything on protecting tenants in the private rented sector from electrical accidents caused by unchecked and faulty electrical installations. These matters were debated at some length in the other place, but so far the Government have not been persuaded. I very much agree that a mandatory five-year electrical safety check in the private rented sector is both necessary and welcome. Each year, 20,000 fires are caused by electrical faults, which is

[Lord Kennedy of Southwark]
almost half of all accidental house fires. We will bring forward amendments to make such tests mandatory, and I hope that the Government will listen to the compelling case and move on from their present position, which says there is an expectation on landlords to keep electrical installations safe.

The planning aspects of the Bill will be explored in more detail by my noble friend Lord Beecham and other noble Lords in today's debate. However, the Bill lacks vision and seems to regard the effective operation of a planning system as a constraint to development and nothing more. The removal of Section 106 contributions from the starter home developments through to in-principle planning consent and the call-in provisions to be given to the Secretary of State are all matters we will want to discuss further.

We need local authorities and communities to be empowered to ensure that local development proposals meet local development needs. It again will be helpful if the noble Baroness can explain to the House how these proposals extend and develop localism—which, again, like the big society, is often only mentioned by opposition spokespersons in the course of debates such as this. I am a supporter of neighbourhood planning and in Crofton Park, the ward I represent on Lewisham Council, we are working hard to set up a neighbourhood forum, but nothing in this Bill will help local people to have a greater say over the kind of developments that are built in their community.

There are, of course, other groups that must be considered as the Bill makes its way through your Lordships' House. These include berth holders, who are considered as a housing group by the department but are not mentioned in the Bill. Certainly in London, residential use of the waterways has grown considerably, with households living on the water and not only using boats for recreational activity. Again, I would refer the noble Baroness to the actions of Mr Johnny Mercer, the Member for Plymouth, Moor View, in the other place, who has taken the decision to live on his boat in Canada Water in Southwark rather than pay the expensive property prices in London. People like Mr Mercer and others who live on our waterways deserve proper protection and engagement from their local authority and the department.

Other concerns will be raised by noble Lords during the passage of this Bill, including those of travelling show people and the travelling community.

I grew up on a council estate in Southwark. I am always very grateful that my parents were rehoused by Southwark Council; that they had a secure tenancy; and that the property we lived in was safe, warm, dry and maintained properly by the council. The rent was paid by my parents and we were able to live both happily and securely in Walworth, playing our part in the local community. We were not worried about only having a two-year tenancy—were we going to have to move, where were we going to live, was the rent going to become unaffordable? I can see no benefit in these proposals regarding tenancies. They will only make families and vulnerable people feel more insecure and worried about their future, and cause deep anxiety and upset.

This Government do not like council housing or social rents. At its heart, the Bill does everything it can to undermine this type of housing. That is a matter of much regret. I hope that noble Lords from all sides of the House will work together to make much needed improvements to this generally dreadful Bill.

4.42 pm

Baroness Bakewell of Hardington Mandeville (LD): My Lords, I welcome the chance to debate this extremely important and complex Bill and draw your Lordships' attention to my entry in the register of interests.

The Housing and Planning Bill has much to commend it but it is also very short on vital detail which will have a dramatic effect on the lives of large numbers of residents in England and Wales. In the time allotted I cannot cover all my concerns. My colleagues can eloquently lay out the case, being well versed in the issues which affect London, other city regions and the countryside.

I look forward to the maiden speeches of the noble Lord, Lord Thurlow, and my noble friend Lady Thornhill. I am sure this will be the first of many contributions she will make.

We are all aware of the desperate state of the housing market. Prices are escalating and supply is not increasing. I welcome the move to promote starter homes. However, I find it incredible that the 20% discount on the value of the starter home should be one off, thus giving the owner a double bonus. First, they do not have to pay the full price for the home; and, secondly, they will have the benefit of inflation when coming to sell. There are countrywide examples of starter homes being sold at discounts for local residents, but that discount is tied into the property in perpetuity for local residents and so future residents trying to get on the property ladder also benefit from that discount. As a taxpayer I find the one-off discount difficult to justify to those on waiting lists.

As someone who shares the rental of a private-landlord flat I am aware of the increasing costs charged by property agents. As a district councillor I see the effect of rogue landlords on the well-being of their tenants. I welcome the establishment of a register of rogue landlords and hope to increase tenants' access to this register in Committee. I welcome the Government's increase in the fine for rogue landlords to £30,000, a much more realistic figure than that in the original Bill.

The main thrust of the Bill is around the Government's manifesto commitment to extend the right to buy to housing association tenants. We know that 80% of the population wish to own their own home. It is an important aspiration and one that we might all like to see achieved, but some serious safeguards are needed to protect the diversity and prosperity of sections of our communities.

I am concerned that the Government are concentrating on right to buy to the exclusion of other tenures. In Committee, Liberal Democrats will oppose the right to buy to the exclusion of other tenures, which is likely to decrease, not increase, the supply of housing. I fear that unless homes with a variety of tenures are built, we will see an increase in the level of homelessness. Indeed, we read this week that the number of families

left homeless has rocketed by a third since 2010. New figures released by DCLG show that a record 56,040 families were on the streets last year, up from 42,390 five years ago. This cannot go unchallenged.

What is needed, especially in rural communities, where often the only low-cost housing available has been built under a rural exceptions policy, is a mixture of tenures. If such homes are sold they are unlikely to be replaced, as housing associations will find it much cheaper to build in towns rather than villages and hamlets. Achieving exemptions in the Bill will be crucial.

There are 175 community land trusts across England and Wales: organisations set up and run by local people to develop and manage homes as well as other important, valued community assets. The very purpose of CLTs is to develop homes that are affordable in perpetuity. Such homes are intended to benefit not just one generation but every future occupier. If the right to buy is extended to CLTs, it will nullify their basic aim of keeping homes affordable in perpetuity. It would also threaten their existence. The Government rightly understood this risk, and the Minister is to be commended for exempting CLTs from the voluntary deal on right to buy between the Government and the housing association sector. However, many CLTs are still nervous that an exemption in a voluntary agreement leaves them vulnerable. It is vital for the stability of this small, vibrant, community-led sector that the Bill gives them the clarity and certainty needed to plan securely for the future.

We are all aware that the 20% discount on the right to buy will have to be paid for from somewhere. I am concerned, however, at the formula being proposed for levying a tax on local authorities, which is based on the likely number of high-value properties that may become vacant during any given year. Some authorities which cover areas where housing prices are high will be able to replace efficiently. For those councils whose high-value properties are deliberately large in order to house larger families the loss of this asset will have a serious effect on their ability to fulfil their housing obligations to those families in the future. I urge the Government to think again on the implementation of this formula in its current format.

I turn now to the so-called "pay to stay" clause. The income threshold is far too low. A family income of £40,000 within London and £30,000 outside is not sustainable for families required to pay market rents. For example, rents for a two-bed home in the Lewes District Council area will double from approximately £100 per week to £200 if tenants are charged at the local housing allowance limit, or up to £269 at market level. This will penalise hard-working couples, many of whom have children. It will act as a disincentive to increasing working hours, accepting overtime or moving to a better-paid job. Unless a couple can dramatically increase their income, they will undoubtedly be worse off, despite the government promise to implement a taper on the introduction of market rents. This policy will have a detrimental effect especially on women. A couple with children earning just over £15,000 each may decide that, with increased rent and childcare costs, it is no longer worth while for both of them to work full time. Typically, it will be the women who reduce their hours in such circumstances.

I was perplexed at the late introduction to the Bill of the ending of secure tenancies, with a five-year review currently proposed. In some circumstances the tenancy could be renewed for another short-term period. This will cause uncertainty to tenants. Moving house is one of the most stressful events in any person's life. To increase for those at the lower end of the income spectrum the likelihood of having to move on a frequent basis is both unnecessary and cruel.

Lastly on the housing side, I wish to comment on Clause 115, on the removal of the need for local authorities to provide for the accommodation needs of Gypsies and Travellers. This is a retrograde step that will lead to more illegal encampments and higher costs for local authorities and landowners, and will do nothing to provide for the needs of children and elderly within those communities. I have long been at a loss to understand why this section of our population is constantly vilified and persecuted. I have come to the conclusion that anyone who dares to be different and have a diverging set of values from those who live in the settled community makes society feel uncomfortable, questions its set of values and must therefore be hounded from pillar to post. We shall oppose this clause in Committee.

Turning now to the planning side of the Bill, I welcome the strengthening of the importance of neighbourhood plans. The Government and local councils should encourage towns and parishes to draw up neighbourhood plans which can be tied into and referenced in local plans. Powers should be given to neighbourhood plan communities to allow them to appeal if they find that planning permissions have been granted within their boundaries on sites which they had not themselves identified for development. This right of appeal would be the same as planning applicants currently enjoy against a refusal.

The Secretary of State is proposing under this Bill to make provision for planning to be determined by those other than a local planning authority, believing that planners are deliberately dragging their feet in processing applications. This is not the case. There are numerous occasions when applications are delayed due to the lack of a timely response from statutory consultees, including the Environment Agency, English Heritage and the highways department. It is not unknown for county councils to take 18 months to comment on a roundabout, thus stalling development. Are the Government intending that those who determine planning applications outside of local authorities be required to seek the views of statutory bodies? I look forward to the Minister's response.

I am not convinced that tardy planners are the problem in getting developments off the ground. In my own area, many large-scale extant planning permissions have not been started—currently 1,500 homes and rising to 3,000 by the end of the year. The main problem is not the permissions, but the lack of finance available for developers to start and complete their applications. Removing fully qualified and experienced planners from the equation is likely to lead to some extraordinary decisions being made, such as building on flood plains, with disastrous results for local communities.

[Baroness Bakewell of Hardington Mandeville]

There are many other elements of this Bill to which we will return during the Committee stage, and other speakers will doubtless cover these areas. I look forward to their contributions and the Minister's response.

4.52 pm

The Lord Bishop of Rochester: My Lords, I, too, welcome the opportunity to hear the maiden speeches of the noble Baroness, Lady Thornhill, and the noble Lord, Lord Thurlow. I look forward to the contributions that they will make to your Lordships' House.

There is a clear view on all sides of this House, the other place and across large parts of the nation that more housing is needed. The questions concern whether this Bill will help to deliver that housing in the right way and in the right places for the people who need it most. Within my diocese at Ebbsfleet we have one of the largest single housing developments in the United Kingdom—a completely new development which will house up to 45,000 new people. While I have questions about some of the details of that development, and some of the details are as yet unknown, I am generally supportive of what is intended. So I am not against new development and I welcome those things in the Bill which may make that possible in appropriate ways. I welcome the proposed register of brownfield land and the streamlining of aspects of our planning processes, some of which have already been referred to by noble Lords, and the encouragement of self-build and custom-build initiatives. I also welcome the intention to introduce new regulation in the private rented sector, and urge that detailed attention be paid in the framing of regulation to matters of quality in that sector. One would dare to hope that in that sector, property of the quality in which even noble Lords would wish to live could be guaranteed, which might be a suitable benchmark.

Others have spoken already about starter homes. Perhaps they are a useful addition to the overall spread of housing tenures but I am anxious about their inclusion within the definition of affordable, not least because that affordability will disappear after a short period, when it is possible for that home to be sold into the private market at private benefit. I think that my right reverend friend the Lord Bishop of St Albans will address the rural implications and perhaps some other issues. I know that other noble Lords will also address specific issues within the scope of the Bill.

I want to spend some time on the ending of lifetime secure tenancies, which was just referred to and which was introduced in the other place, and, with it, the so-called pay-to-stay provision. To move from a potentially lifetime tenancy to one that is between two to five years in one jump is a huge change. Quite apart from the significant bureaucracy which might be involved and might in many ways be unnecessary because the tenancy will simply continue, there are serious issues here. Mention has already been made of the income threshold for the pay-to-stay provisions and the fact that £40,000 in London—if that is where it ends up—and £30,000 elsewhere is pretty low in terms of household incomes. To put it another way, such incomes would not be able to sustain a mortgage on a starter home.

My concern is not just about individuals but about the effect on the health of communities, which is the point I really wish to make. Council house communities need within them people who will give leadership, engage in voluntary activities and sustain community life and civil society. I have lived and worked in such communities, and I know the truth of that. It is often tenants who are ready to make something of their opportunities, who re-engage with education, learning and training in adult life, who bring that leadership to those communities. They find their way into employment and their incomes increase. Some will move away anyway and always have; but this Bill makes it more likely that those who better their lot in various ways will have no option but to move out of such communities.

These communities sorely need the skills of such people—some Members of your Lordships' House are examples of such people—with their drive and social and economic entrepreneurship. The danger is that some of our most struggling estates will struggle even more because they will lose the people who have the capacity to bring transformation. Surely that would not be a good outcome. I encourage the Minister and her colleagues to think about the implications of some of these provisions, not just for individuals but for communities. I am sure that we all want to see thriving and vibrant communities, which need ranges of people within them, not least in the more deprived parts of our nation and in communities which house the more vulnerable in our society. I look forward to continuing to engage with this Bill as the debate continues. As we move into Committee and other stages, I am sure there will be lots of contributions. Certainly, I shall keep my eye on some of the matters I have mentioned, which I am sure others will wish to touch on.

4.58 pm

Lord Young of Cookham (Con): My Lords, it is appropriate that Second Reading of this Bill is sandwiched between the two days on Report of the Welfare Reform and Work Bill. I see this Bill as the other side of the coin on housing supply. The welfare Bill, with its imperative of containing public expenditure, includes a number of measures that could impact on housing supply. This Bill has a whole battery of measures on housing and planning to drive up supply, which I heartily welcome.

If we are to meet the backlog of demand and future demand, we need roughly 300,000 new houses per year. Over the last 10 years, we have averaged roughly half that, so we need a step change in performance if we are to meet our obligations. I welcome the priority given to housing by the Prime Minister and the Chancellor in recent announcements, as well as the initiatives recently announced by the Secretary of State and his Ministers.

I am also glad that, while they are focusing on new supply, Ministers have not taken their eye off the need to regenerate and modernise some of the difficult-to-let estates we have in our community. As they drive that initiative forward, I hope they will learn from the experience of housing action trusts in the 1990s—a voluntary partnership between local authorities, residents and the Government, which turned round estates such as Stonebridge Park, Castle Vale and North Hull.

Many of the pioneers of the housing action trust movement are still around. They would like to be re-engaged in that initiative to regenerate and diversify some of these challenging estates.

On planning, I welcome the incentives in the Bill to complete the local plan and to remove the no man's land we have in many parts of the country, occupied by default by the Planning Inspectorate. I welcome the housing provisions, not least the proposals to recycle the proceeds of the sale of high-value local authority properties and housing association right-to-buy properties into new builds. The properties that are sold of course remain part of the nation's housing stock, but the proceeds of the sale increase the supply of affordable homes.

For me, Clause 58 and the right to buy is a bit like Groundhog Day. Noble Lords may remember that in 1982 the Government introduced a Bill to give tenants of charitable housing associations the right to buy. I took it through the Commons, and it then met what I think is called a headwind in your Lordships' House. They deleted the offending clauses. But before we could play ping-pong, Margaret Thatcher dissolved that Parliament and the Bill fell. I had to take it all the way through the House of Commons in the next Parliament, but by that time the Government had removed the clauses giving the right to buy to housing association tenants.

To meet the very real disappointment of those tenants, I introduced something called HOTCHA—home ownership for tenants of charitable housing associations—which gave them in cash the discount they would have been entitled to had they bought. Of course, they could then buy what they wanted. In housing policy terms, that had much to commend it. In a fraction not only of the time, but of the price it took to build a new social housing unit, one got a re-let for somebody on the waiting list. There was something in it for the tenant, in that he was not constrained to buy the property he was in; he could buy wherever he wanted. The housing associations were happy because it did not dilute their housing stock. Everybody liked the scheme except the Treasury, where many good housing initiatives have come to grief. It did not like the scheme because it did not see any money come back in return for the money going out of the door. Over the years that scheme became rationed and marginalised. It was converted into the transferable discount scheme. It now reappears in the voluntary agreement with the National Housing Federation. I commend Ministers for their negotiating skills.

Clause 58 alludes to the new right to buy, which noble Lords referred to. My party's manifesto says:

"We will extend the Right to Buy to tenants in Housing Associations to enable more people to buy a home of their own. It is unfair that they should miss out on a right enjoyed by tenants in local authority homes".

That implies a scheme that mirrors the right to buy for council tenants, which is enshrined in legislation. If one looks at the voluntary agreement with the National Housing Federation, this is a right to buy on the one hand, qualified by a right not to sell by the landlord. In which case, we are back to our old friend, the transferable discount scheme. In housing policy terms it has much to commend it, but it would be worrying if those who want to buy who read my party's manifesto were first told by the housing association that they could not because of the exemption, but were then told that they had to wait indefinitely for a transferable discount scheme because the scheme had become rationed. I urge my noble friend to ensure that the hopes raised by my party's manifesto are not dashed by the Treasury.

The five pilot schemes my noble friend referred to will shed some light on the uptake of the scheme. I contacted one of the pilot schemes. Without advertising the scheme at all, it was within 20 of the 200 pilots allowed to go ahead. I have two questions about these pilot schemes. First, the agreement with the National Housing Federation says that if the association will not sell it will give the discount in cash. That is fine, but it has to be used to buy a house owned by that association or another social landlord. I simply do not understand this restriction. It means the erosion of the social housing stock—which social landlords do not want—and it fetters the discretion of the tenant. I very much hope that this restriction might be lifted for the proper scheme, as I believe it to be not just unnecessary, but actually undesirable.

Secondly, I understand that, at the moment, houses built by housing associations under Section 106 are excluded from the pilot scheme—possibly for legal reasons. A huge number of properties have been built under Section 106 and I hope that that exclusion will not be carried through into the main scheme, when it takes off. If there are legal problems, I hope they might be addressed in legislation.

Having said that, I think this is the most important Bill in the Queen's Speech. It is a very ambitious Bill which lays the foundation for the revival in housing starts which the country desperately needs. On that basis, I warmly welcome it.

5.05 pm

Baroness Andrews (Lab): My Lords, the opening assertion of the impact statement on the Bill states:

"The public need to have confidence that housing policy in our country is fair and fit for the future".

Indeed they do. The tragedy of the Bill is that it is neither fair nor fit for the future. It is fair neither to those who are desperate for a home nor to the voluntary and public sector bodies that can and should be able to provide them. It is loaded with unintended consequences. It is silent where it should speak.

As we have heard, this year fewer than half of the 250,000 houses that we needed were built. By its own admission, the private sector cannot supply the houses we need in this country, 30% of which need to be social homes.

The Bill demolishes whatever remains of the Government's credibility on localism. There are 34 new powers for the Secretary of State—powers to override local housing needs; to take away housing receipts; to limit the way local authorities manage their assets, tenancies and rents; and to limit their powers over planning. Vast swathes of policy are left to secondary legislation, as usual. The Royal Town Planning Institute is not an alarmist body, but it has described these powers as extraordinary. In its briefing, the Local Government Association pleads with the Government to allow councils the continuing flexibility to respond to the needs of their residents.

[Baroness Andrews]

Most of the radical changes have hardly been debated in the other place. One example is the damaging change to the definition of affordable homes. This was introduced after Committee stage and means that developers will be able to build starter homes in place of affordable social housing as the price of planning permission under Section 106 agreements.

Decent places also depend on decent services. Can the Minister tell us whether developers will still have to provide schools and health centres, roads and community centres under Section 106, or will they be let off that as well?

A policy for starter homes, however welcome—and it is—does not add up to a housing policy for the nation. Where are the homes for growing families, or disabled families with a need for lifetime homes? Where are the homes for retired people who want to downsize? These are the families who will lose out, but we will all lose out because the whole housing system will remain resolutely stuck if we provide significantly only for starter homes. This is a quick fix, but we have a very long-term problem. We know from all the evidence that starter homes are not even affordable for most low and middle-income families, whether in rural areas or central London. However, it is not even a fair policy for future buyers. The 20% discount will apply only to the first tranche of buyers; they will be free to sell their assets after five years at market value. We will be minting a new generation of property speculators.

This Bill is full of ambiguities, not least on the future of housing associations and their social homes. The one area where it is brutally clear is in its hostility to local authorities and their tenants. These are homes; homes that people are proud of in communities that they are proud of, as the right reverend Prelate said. If the Government force local authorities to sell their highest-value vacant properties and to pass receipts on to central government, Camden Council, for example, estimates that it could lose up to half its council housing. The bony fingers of the Secretary of State will reach down to the tenants themselves by bringing an end to secure, lifetime council tenancies and forcing those with very low incomes to pay market rents. It is called "pay to stay". It is a poisonous expression and I believe it is a poisonous policy. It will hit the very people the community depends on—low-paid key workers such as carers, bus drivers and teaching assistants. These are, says Shelter, quite simply the most significant changes in low-rent and social housing in the history of housing policy. If you put this Bill together with the Welfare Reform and Work Bill, you have a toxic mix: a reduction in the supply of social housing, a forced migration into the private sector—and worse—and a massive increase in the welfare bill.

All this will be compounded by the planning sections of this Bill. Here, what is proposed will, essentially, replace our democratic, plan-led system with its checks and balances with a system whereby, for brownfield sites, major planning applications will automatically be granted permission through what is called "permission in principle". This will be able to be granted not just for housing but for waste disposal and fracking. At a stroke, it will reduce the right and the ability of local authorities to plan for the different needs of local areas —for those mixed communities of which the right reverend Prelate spoke so eloquently—and it will remove the ability of local people to influence local development. It is the opposite of what the noble Baroness says: it does not create certainty but rather uncertainty, and it does not create confidence.

I was very pleased that the noble Baroness said that she thought we had a planning system in this country to be proud of. She is at odds with the statement in the Explanatory Memorandum that the planning system is an obstacle. That is what the Government have always said. The real enemy of faster and better housebuilding in this country is not the planning system. If it were, we would not have the 261,000 units of housing that are consented but not built or occupied. The real enemies are the lack of finance, skills, building supplies and land, and the huge loss of planning capacity in local authorities through budget cuts.

But dealing with reality is the "too difficult" box, so the Government reach yet again for more deregulation of the planning system, and creating the means of privatising the process of planning itself, which will dislodge the balance of protections which at the moment guarantee protection for the environment, heritage and good, decent, mixed communities. The independence of the planning system is threatened. These provisions are, says the TCPA, "extremely dangerous". Elements of the Bill will not even enable the Government to achieve their own objectives—not my words but those of the Local Government Association, led by the Conservatives.

The Bill means essentially that we no longer have any policy in this country for building decent, affordable homes, let alone to design decent places to live. Indeed, it risks replicating the worst aspects of housebuilding in the past—poor-quality housing and poor-quality estates. It is a response to five years of policy failure in housing and is a panicky response when we need a long-term decent housing and planning policy. The Bill deserves, and I am sure will get, the most intense challenge and scrutiny in this House.

5.12 pm

Baroness Thornhill (LD) (Maiden Speech): When I mentioned to my noble friends that I was excited but concerned about my maiden speech, finding my way around, not knowing the protocols and thereby making a gaffe, I was told that everyone would be very helpful and extremely friendly and to stop worrying. And that has indeed been the case. The police, attendants and the famous doorkeepers seem adept at spotting the "newbie" and asking, "Does my Lady need some help?", and the answer is invariably yes. I should also like to thank the noble Lord, whom I did not recognise, who, on seeing me about to turn and cross in front of the Woolsack, reacted swiftly with a firm yank on the shoulder to avert disaster.

I stand before your Lordships as the directly elected mayor of Watford, a position that I have occupied for 14 years, but in a pre-mayoral life I was a senior teacher in secondary schools, specialising in the education of children with learning and behavioural difficulties and responsible for pastoral care and safeguarding. In both careers I have always looked beyond the immediate and the local and contributed at a national and strategic

level, most recently as a deputy chair of the Local Government Association. It is a great pleasure to join other alumni of the LGA across the House.

In the spirit of maiden speeches being uncontroversial, my comments are perhaps more measured and general than they might otherwise have been.

In my experience, the laws of unintended consequence and cumulative impact of several measures colliding can thwart even the best intentions. This is the case with the Bill before the House today. By concentrating mainly on home ownership and housing numbers, the Bill fails to get to grips with the real housing crisis. It is true that most people aspire to have a home of their own, but what about those for whom it is not, and never will be, possible? To achieve balanced, cohesive communities, places need a wide range of housing, from supported housing for those in extreme need to homes for both the low-waged and the affluent—in other words, mixed tenures or a variety of provision. Our hospitals need consultants and cleaners, our service sector needs accountants and admin assistants and our schools need head teachers and dinner ladies. All need somewhere to live. This is not just about the number of houses built but the kind of communities that we are creating. Towns and cities work well only when a wide range of people are able to live and work in them, without suffering crippling rents, long commutes and poverty.

I know how important it is for families to have security of tenure—to know that you will be able to stay in your home while your children grow up without having to keep moving house and school, house and school. Currently, in Watford and nationally, rough sleeping is up. The number of families in temporary homeless accommodation is up. Housing waiting lists are going up, along with rents and house prices. I fear the Bill will do nothing for the people and families behind these statistics. During the passage of the Bill, we will scrutinise whether starter homes are indeed affordable and for whom. We will seek to ensure that they come in addition to, not at the expense of, social, affordable and shared-ownership housing, and that the affordability discount is kept in perpetuity, not just for five years. Will forcing councils to sell off high-value assets, along with extending the right to buy to housing associations, result in more affordable homes or not? We will fight to ensure like-for-like replacement. Pay-to-stay means that those in social housing with a combined household income of only £30,000 are made to pay market rent or leave. Will this result in people buying their own homes, as is hoped, or, as is feared, create a disincentive to work or seek promotion, or lead to a reduction to working part-time to avoid the cap? This is not to mention the logistics of policing this policy.

In the concern about the housing part of the Bill, little has been said about its provisions on planning. Here, we are concerned that the democratic process is seen as a barrier to growth and that some of the proposed measures will severely impact on the ability of local authorities to create the kind of community they seek for their residents. It appears to strengthen further the hand of the developers at the expense of communities and their elected representatives. This is a wide-ranging Bill, with many powers worryingly reserved to the Secretary of State. At present, it lacks the detail required for effective scrutiny by both Houses.

Housing is an issue about which I am passionate. One of my earliest memories is of me, aged four, wedged next to a load of boxes in the back of a car. We were moving from Wales to Lancashire, as my parents had lost both their home and their jobs at Tenby Golf Club for the sin of having a second child. Thanks to effective legislation, that could not happen now, but it did then. I have vivid memories of the squalor we lived in for years at the hands of a landlord who, if he was not Rachman, might well have been his northern cousin. Although there are measures in the Bill to deal with rogue landlords, do they really go far enough?

There is real work to do: listening, learning and playing my part in the great work of this House, during the passage of the Bill, and in the months and years to come. In the short time I have been here, it is apparent that the expertise within the House is—to use my children's favourite word—awesome.

5.19 pm

Lord Kerslake (CB): My Lords, I congratulate the noble Baroness on an excellent maiden speech. It is a pleasure to follow such a distinguished servant—I use that word advisedly—of local government. I first met Dorothy, the noble Baroness, Lady Thornhill, when she took me round—irony of ironies—a social housing scheme connected to Watford Football Club, the Hornets. Her passion, warmth and commitment absolutely shone out on that day. I think she has been too modest about her achievements. Elected in 2002, she was the first ever directly elected Liberal Democrat mayor. She was also the first ever directly elected woman mayor. She succeeded again in 2006, taking more than 50% of the vote on the first count, and was elected again in 2010, making her only the second elected mayor to achieve this. She will bring great wisdom and experience to this House and we look forward to hearing from her in the future.

Turning to the main debate, first, I declare my interest as chair of Peabody, chair of the London Housing Commission and president of the Local Government Association. There was common agreement among the political parties during the election about the urgent need to build more homes. Housing completions are running at just half the number we need to meet what this country requires. In London the situation can be described only as a crisis, with prices to buy or rent moving out of the reach of ordinary Londoners. The Bill should therefore have been the perfect opportunity for the new Government to tackle this crisis head-on.

There are indeed some very welcome measures in the Bill; for example, the proposals to tackle rogue landlords and speed up compulsory purchase. However, the most significant impact of the Bill is to promote one form of tenure, home ownership, at the expense of another, social rented housing. Taken with other measures being proposed by the Government, the only reasonable conclusion is that social housing is being written out of the script. This effectively ends the post-war consensus on housing and the extremely successful partnership with housing associations begun in the 1980s. To deliver this change, the Government are taking extensive

[Lord Kerslake]
centralising powers that entirely cut across their localist philosophy. But perhaps most concerning of all, I have real doubts about whether they will actually deliver the new homes of all types that this country so badly needs. As one major and very respected housebuilder said to me recently, where is the additionality in all this?

I will start with the extension of right to buy to housing associations, which I spoke about in my maiden speech in June. The voluntary understanding between the Government and the housing association movement will give welcome flexibility for them to decide which of their properties are made available for purchase. In the case of Peabody, we will have the discretion to exempt 10,000 or so properties that were built without the benefit of government grant, so that much is welcome. However, what many people have lost sight of is that the bill for these discounts will not be picked up by the Government—who, after all, are promoting the policy—but by local authorities. They in turn will be required to sell off their higher-value properties as they become vacant in order to fund this. A formula-based deduction will be made to their budgets which will leave them with little or no choice but to sell. Shelter has calculated that this will cost them £1.2 billion a year and require the sale of 113,000 council homes.

It is important to say that high-value council properties are typically in high-value areas. This is how we deliver mixed-income, mixed-tenure neighbourhoods and not the mono-tenure estates that people were so concerned about in the past. They are also, by the way, typically the larger three or four-bedroomed homes, which any local authority leader will tell you are the ones most in demand. The Government say that the intention is to replace these one for one. But if we examine the Bill, apart from the reference to London, nothing in it creates a duty for local authorities to do so. Even if they are able to replace one for one, it is very unlikely to be in the same area because those are the very areas where the land is hardest to find. Neither are they likely to be socially rented. The net effect over time is that higher-value areas will be denuded of social housing, first through voluntary sale by housing associations and then through forced sale by local authorities.

We do not yet know the way in which the formula will work. That is one of the many details in the regulations that we have not seen. However we know, as others have said, that some places will be severely affected including some rural areas, which I am sure that the noble Lord, Lord Best, will talk about later. For the avoidance of doubt, this policy has little or nothing to do with the efficient management of stock. It is, first and foremost, a revenue-generating exercise to cover the very considerable cost of housing association right-to-buy discounts. The Treasury had a point when it resisted this in the past. Indeed—and this is quite incredible—should a local authority subsequently decide to transfer all its stock to a housing association, it will still have to pay this levy. Even with the forced council house sales, there is a real doubt whether the receipts generated will adequately meet the cost of the proposals. Indeed, the independent study by the Chartered Institute of Housing demonstrated pretty clearly that they will not. It is hard to think of any other policy where we start on that policy knowing that the sums do not add up. Something will have to give. I think that the House is entitled, before Committee stage, to a full and detailed analysis of the numbers.

The second issue that I want to raise is that of starter homes. When this came forward prior to the election, to me it looked like a welcome if ambitious plan to provide an additional source of supply. Starter homes will now, however, be deemed affordable even though, as others have said, this will require a deposit of £97,000 and income of £77,000 in London. Crucially, starter homes will replace social housing in schemes so they will not be "in addition to" but "instead of". The Secretary of State will have considerable powers to dictate the number of starter homes that local authorities will build, even down to individual schemes. To state the obvious here, this is a complete denial of localism. As the Local Government Association has rightly said, it should be down to individual local councils to make the decisions on the right mix of housing for their areas. What is the point otherwise of a local needs assessment and a local plan?

The third and final issue I want to raise is the impact of the Bill on social housing in general. Let me summarise that impact. For existing social tenants, there will be fewer opportunities to transfer into larger properties as they become vacant. Grants to support the building of new social housing will largely end in 2018, after the current programme is completed. If tenants' household income exceeds £40,000 in London or £30,000 outside the capital, they will be required as council tenants to pay market or near-market rents, wiping out completely any benefit that they might have got from the 1% rent reductions. If they are a new council tenant, the local authority will be required—required is the point here—to give them a fixed-term tenancy of between two and five years, instead of a permanent one. What was a discretionary power, introduced barely three years ago, will become a mandatory requirement. The message that this gives to social housing tenants about their future and how they are seen by the Government could not be clearer. Social housing has fallen from being the home to more than a third of the population in the 1980s to just 16% now. With the proposals in the Bill, that figure seems certain to fall still further, with a corresponding rise in rents and reduced tenure.

I finish my speech where I started. Will the Bill deliver the new houses that we so desperately need? To rest our entire plans on private build for sale risks repeating the mistakes of the past. When the financial crisis hit in 2007, private sector housebuilding fell off a cliff. The only houses getting built were social houses. Putting all our eggs in the sales basket leaves us much more vulnerable to any future downturn, just at the point when the economy is looking less favourable.

I sympathise with Ministers struggling to make sense of some ill-thought-out and ideological proposals that found their way into the Conservative Party manifesto. To coin a phrase, "I wouldn't have started from here". However, while properly respecting those manifesto commitments, as we must do, there is considerable scope for Members on all sides of this House to work together to improve the Bill. To do this, we need

two things. First, we urgently need to see the detail of what is proposed in the secondary legislation. Secondly, we need Ministers to be genuinely open to change.

Viscount Younger of Leckie (Con): My Lords, I apologise for interrupting but it might be helpful for the House to be reminded that there is a guideline time for speeches. If Back-Bench speeches are kept to around six minutes on this Second Reading, the House might be able to rise at around 10 pm.

5.31 pm

Baroness Eaton (Con): My Lords, I start by declaring an interest as a former chairman of the Local Government Association and a current LGA vice-president, and draw Members' attention to my interests in the Register of Member's Interests. I congratulate the noble Baroness, Lady Thornhill, on her maiden speech. I have known her a number of years through local government and it was a pleasure to hear her today. I look forward to hearing the contribution of the noble Lord, Lord Thurlow, later in the evening.

We all know the security that comes from having a safe and decent home, and that is why I am pleased to be able to speak in today's important debate. Getting more people on to the property ladder and improving social housing are key priorities of this Government, and the Bill that we are considering seeks to build on the progress that has been made over the past five years.

Under the previous Labour Government—I assure the noble Lord, Lord Kennedy, that these figures are correct—housebuilding fell to its lowest peacetime level since the 1920s. Between June 2008 and June 2009, for example, just 75,000 new homes were started in England. By contrast, the most recent figures show that annual housing supply in England amounted to 170,690 net additional dwellings in 2014-2015, a 25% rise on the 2013-2014 figures.

The Help to Buy scheme has assisted thousands of hard-working families on to the property ladder. In December, the Government launched a new help-to-buy ISA, which the Minister referred to earlier, to help first-time buyers save for a deposit. It is worth noting that between 1997 and 2010, the number of social houses for rent decreased by 421,000, while in the five years of the previous Government, twice as many council homes were built as during the 13 years of the preceding Labour Government.

Who could speak about housing without mentioning right to buy? Margaret Thatcher's Government allowed millions of families to achieve the dream of home ownership, and right to buy was perhaps the defining policy of her time in office. The successful reinvigoration of right to buy in recent years means that over £950 million in sale receipts is now being reinvested in building new homes, levering in a further £2.2 billion of investment.

This is a clear record of success, but the Government have made it clear that much more needs to be done. The Bill which we are considering today aims to double the number of first-time buyers—helping 1 million more people to own their own home—and deliver an additional 275,000 affordable homes by 2020. Ending the unfairness of right to buy being available only to council tenants is surely the right thing to do, and many housing association tenants have already registered their interest in it.

Speaking of fairness, it is surely right, as this Bill proposes, that higher-income social tenants be required to pay a level of rent equivalent to that paid by people on similar incomes in the private rented sector. This proposal will ensure that subsidised social housing is targeted at people in real need. Any housing that is released as a result will provide more opportunities for people in genuine need of social rented accommodation.

I also strongly welcome the provisions in relation to rogue landlords, including the introduction of banning orders for the worst operators and the flexibility for councils to issue fines of up to £30,000, which they will be able to keep for housing purposes, as an alternative to time-consuming prosecutions. These provisions are of course supported by the Government's announcement last week of extra funding to tackle rogue landlords.

The LGA, which I wish to emphasise is a cross-party organisation, has been mentioned several times. Although the LGA welcomes these and a number of other provisions in the Bill, it is also concerned that some provisions will not help the Government achieve their ambitions to increase the housing stock and to secure the right mix of housing. In particular, the LGA has made clear its concerns in relation to the forced sale of council homes, while also emphasising the need for greater local flexibility in the delivery of starter homes. I know that the LGA has been working constructively with Ministers on these and other matters during the Bill's parliamentary progress. I welcome that.

I also welcome the fact that the Government are open to having individual discussions with councils about the cumulative impact of the reforms in local areas and the flexibilities that councils could gain to adapt policies and deliver new homes. Following our debate today, and as the Bill continues its progress, I hope that these discussions will continue and that we will be able to reach agreement on the measures that are required to deliver the extra housing that the nation so clearly needs.

When considering the planning aspects of this Bill, I believe it is important to bear in mind research released earlier this month by the LGA showing that a record 475,647 homes in England have been given planning permission but have yet to be built. These figures conclusively prove that the planning system is not the barrier to housebuilding. However, no one would pretend that the system is perfect, and I support the Government's efforts to streamline the local plan-making process and ensure that plans are not undermined by national policy changes.

Increasing the housing supply, getting people on to the property ladder and improving social housing are objectives we can all surely agree on. These are the driving principles behind the Bill and I hope that through this debate we can work constructively with the Government to deliver legislation that provides more and better housing in this country.

5.39 pm

Baroness Royall of Blaisdon (Lab): My Lords, I start by declaring my interest as a private landlord. I congratulate the noble Baroness, Lady Thornhill, on her

[Baroness Royall of Blaisdon]
maiden speech. Her expertise is very welcome and I wonder whether her pastoral care experience might come in very useful in this House.

I also have very high regard for the Minister, and I share the Government's aspiration to build thousands more new homes, but as is the case with so much legislation, the rhetoric does not match the reality. The Bill, rather than providing solutions to the housing crisis, exacerbates it. It also cuts across the localism agenda of which the Minister is such a powerful advocate —a vast number of new powers are being granted to the Secretary of State, and local councils' ability to respond to the needs of their communities is being diminished.

We have had much debate recently about secondary legislation and the Government's increasingly undemocratic use of framework Bills. In this Bill, the regulation rot sets in at line 14 and continues throughout. In my view, it would be improper and irresponsible for this House to complete its scrutiny of the Bill until we have seen the draft regulations. The Bill changes the housing landscape in our communities, both urban and rural, it changes the balance between private and social housing, and the impact on our society is potentially enormous. The details will be determined by regulation.

I will focus on the Bill's impact on rural housing. The Bill could and should be a great opportunity to provide the housing that would reinvigorate rural communities. In the south-west, the housing crisis is made worse by the highest level of second homes anywhere in the country. The average price of a home in 2014 was just over £240,000, and in areas such as the Cotswolds this increases by more than 50%. According to the Government's extraordinary and indefensible new definition of "affordable", these homes are affordable, but they are simply not affordable for people living on low or average wages, who are already spending more than a third of their income on renting privately and are absolutely unable to save for a deposit, even at a 20% discount.

Affordable housing is crucial to the vitality and sustainability of the countryside, and the failure to create affordable homes is fuelling many of the challenges facing rural communities. The excellent CPRE and Hastoe Housing Association tell us that in 1980, 24% of rural homes were affordable, but now the figure is 8%, and the housing affordability gap is greater in rural communities than in urban—house prices are higher, earnings are lower.

Young people can no longer afford to live in the towns and villages where they grew up, and rural demographics are changing. The centres of community life—schools, post offices, shops and pubs—are all closing, while more older people are moving in, leading to increasing demands on health and social care services, but without the young people to provide the services. What evidence-based cross-government consultation has there been on the Bill?

The greatest and most adverse effect that the Bill will have on rural communities is the extension of right to buy to housing associations. I am against the sale of any housing association home, but the unfortunate, if understandable, deal between the Government and the National Housing Federation means that that cannot be stopped. However, together with noble Lords from all Benches, I will do my utmost to exempt housing associations in rural areas from the provision. Such a move would have the support of the CPRE, the CLA, national parks, the LGA, the Rural Services Network and many housing associations, including Two Rivers, which does a fantastic job in the Forest of Dean, sustaining communities as well as building homes.

I realise that the new agreement to sell is "voluntary", but what does that mean and how long will it last? Will the Secretary of State eventually intervene? How will tenants react when the aspirations that have been raised by the Government are stymied by an association's board, as the noble Lord, Lord Young, pointed out? We are told that available discounts will be portable, but what does that mean?

The funding of this right to buy is deeply offensive, and the sums do not add up. Quality council housing stock will be decimated, including in rural areas. I understand that of the homes that Shropshire Council would be forced to sell, 190 might be bungalows for older and disabled people, and 207 might be rural properties. Some settlements would be almost totally hollowed out of social housing. It will be impossible for councils to meet the decent homes standard. Rather than improving the quality of our housing stock by making homes resilient, the Bill will lead to more rabbit hutches of a poor environmental standard that simply will not last.

Few will be able to buy starter homes in rural areas, where the real shortage of homes relates to social housing. The Minister said that starter homes will be additional to the package of support, but the Government have already said that they will not be additional homes, but instead of other affordable homes. Moreover, allowing starter homes to be built on rural exception sites will act as a disincentive for landowners to release future sites for affordable housing. The recent government exemption of Section 106 affordable housing contributions for sites of 10 units or fewer is already reducing the number of affordable homes. I will seek to ensure that rural-80 and rural-50 local authorities will be able to set and negotiate the level of affordable housing contribution on individual sites to reflect local need. This would be localism in practice.

There is much more that I would like to say, including on the threshold of "pay to stay" and the protection of secure tenancies, and on community leadership, as eloquently expressed by the right reverend Prelate the Bishop of Rochester. The Government seem bent on increasing people's insecurity and putting more money into the hands of private landlords, as well as increasing the housing benefit bill. Do they not agree that homes should be places of safety and security, and not just for those who are able to buy? Do they not understand that secure housing is inextricably linked with physical and mental health, with educational outcomes and the ability to grasp opportunity?

Finally, in respect of rural housing, the plethora of definitions of "rural" causes confusion. I hope, therefore, that we will be able to agree on a definition of a rural community which can be supported by the majority of stakeholders and used for housing and other purposes.

The Bill requires a huge amount of scrutiny and amendment. As it stands, it threatens further to fray the fabric of our rural communities so that they are beyond repair. We cannot and must not allow that to happen.

5.46 pm

Baroness Doocey (LD): My Lords, the Bill seeks to accelerate housing growth via home ownership solutions. The emphasis on stimulating the supply side of housing is to be welcomed, but the Bill does little to tackle the crisis in social housing provision, and will almost certainly have some unintended adverse consequences on both provision and community cohesion.

On high-value sales, I see absolutely nothing wrong with a council selling a high-value property and using the money to build more affordable homes, if it is a local decision taken at local level by councillors accountable to local people. If councillors are forced to sell off high-value vacant properties, or to find the money to pay the Government an equivalent sum from either the general fund or the housing revenue account, they are likely to be left with less provision for families, and the housing crisis will simply go from bad to worse. As councils sell off their most valuable and desirable properties, values in those areas will almost certainly rise as further gentrification sets in, and further council properties will have to be sold, because their increased values now qualify them for sale.

The proposals for local planning authorities to promote the supply of starter homes is likely to lead to a reduction in other forms of affordable housing, if developers can offset current planning policy requirements for social-rented and shared-ownership homes against higher-cost starter homes. I have great concern about how the emphasis on starter homes could affect estate regeneration. It may make it impossible for local authorities to regenerate their estates without pricing their existing tenants out of them. The Bill's proposals may make it less likely that tenants will be offered a right of return to new estates, making it unlikely that proposals for regeneration will ever gain their consent.

The introduction of "pay to stay" for so-called high-income social tenants could result in huge rent increases for households with an income of more than £40,000 a year in London and £30,000 a year elsewhere. While providing £4 billion to help to build shared ownership homes for people earning up to £80,000 a year, and while funding a 20% discount for people buying new starter homes, the Government propose to soak up any improvement in social tenants' finances by charging higher rents, thus reducing the chance that they can ever save enough to be able to afford one of the new shared-ownership starter homes.

The proposals for short-term, insecure tenancy terms —an acknowledged weakness in the private rented sector—for all future social housing tenants will have a devastating effect on many tenants and increase property management costs for all social landlords. The proposals in the Bill are already having an impact on registered providers, some of which have started to sell empty stock rather than risk financial loss under right to buy. Others have signalled that providing housing at social rents will no longer be viable. In addition, a number of councils anticipate that some developers may seek new planning permissions to reduce the proportion of social rented housing in preference to starter homes. These proposals will result in dramatic reductions in the availability of social housing and huge increases in waiting lists. Yes, up to 1.3 million tenants will have been able to buy their homes, and I have no doubt that many will exercise the option, helped by a substantial discount, but we know from the experience of council right to buy that stock will not be replaced on a like-for-like basis. There will be diminishing numbers of homes available for social rent, and there will be more households in temporary accommodation.

The Bill recognises that there is a housing crisis in our country but does nothing to address the crisis in social housing provision and little to encourage more construction of rental property in the private sector. It appears to be designed to help those in moderate need of housing at the expense of those in desperate housing need.

5.51 pm

Lord Thurlow (CB) (Maiden Speech): My Lords, as a chartered surveyor, I have chosen to make my maiden speech on this Bill today, and I hope that I can usefully add to the debate on this subject here and in future. First, I wish to thank the many people who have enabled my induction to proceed so smoothly. I include all the staff of the House, particularly the doorkeepers, with their unique brand of subtle guidance, and I certainly include the police and security staff. They all share the qualities of charm, understanding and patience for which I am really most grateful.

It is with a mixture of pride and humility that I stand here today, and I am honoured to have been elected as a hereditary Peer. I chose the Cross Benches because I wish to be independent and to vote with my conscience not with a party whip. My first predecessor in the title in this Chamber sat on the Woolsack in the late 18th century and bemoaned the loss of the American colonies. In fact, I believe that one of the reasons he resigned was because we were not prepared to fight it out. Since then I have been preceded by a number of bishops and others and latterly by my father, who was known to a number of your Lordships. As a career diplomat, he was rather more interested in encouraging colonial independence. He served here as a Cross-Bencher for nearly 30 years. Aged almost 90, he chose not to stand at the hereditary election. I look forward to serving as he did.

By way of my background, my early years were spent abroad following the nomadic diplomatic family circus in far-flung places, moving country every few years, which was an interesting education in itself. In due course, for whatever reason, I joined a mainstream firm of property consultants, qualified, and some 35 years later, in my 50s, retired from that firm having enjoyed a thoroughly fulfilling career in the world of property development, investment and finance. I retain a few appointments in the sector which are declared in the register of interests.

I am particularly interested in this Bill after many years working in the parallel world. Like the noble Baroness, Lady Thornhill, who made an excellent

[LORD THURLOW]
speech, I am conscious of the tradition of remaining non-controversial in a maiden speech, and I promise to do my best to do so.

Like others, I am fully aware of the need to increase the supply of both social and private housing and for residential letting arrangements to be made more flexible. I welcome the proposals to deal with rogue landlords and agents. The recent emergence of the private rented sector as a mainstream element, potentially, of the housing stock in this country is to be applauded, and large sums, which could become hundreds of millions of private sector pounds, have been earmarked by investors for residential development exclusively to rent. Hopefully this will become an important ingredient of private housing provision nationwide and take pressure off the demand for outright ownership. I declare an interest in one let flat in London.

On the subject of planning, the process would benefit from simplifying and speeding up. There appears an opportunity now, presented with this Bill, for greater local community involvement and to consider giving local guidance to developers not only to increase the housing stock, but to materially change and improve our surroundings. Latterly, architects have frequently been forced to design and build to the cheapest price, and frequently their imagination and flair have been compromised. As our urban landscape often reminds us, the built environment has suffered. That could change, and I hope the Bill's proposals provide a means of achieving this. It is important to remember that delays to development impact economic growth.

I am pleased to note that the Bill introduces transparency on the subject of brownfield land. The proposed obligation to maintain registers of these sites, attached to a simplified permissions process, is an important step forward. This land is often vacant, sometimes contaminated, with unmaintained, unsafe buildings and is unsightly in built-up areas. To encourage building on this derelict land rather than on green fields seems preferable.

To conclude, I look forward to working on these subjects with your Lordships, and I hope that I can contribute in future on similar and other matters.

5.56 pm

Baroness Rawlings (Con): My Lords, the great pleasure of following the noble Lord, Lord Thurlow, and welcoming him warmly to your Lordships' House falls to me. He has made a remarkable and delightful speech. This Bill is obviously one of his main areas of expertise as a chartered surveyor and senior partner specialising in rural areas and global commercial property. He has all the qualities that are so important for your Lordships' House both now and in future. Some of his other areas of serious knowledge include charities and Europe, which are both on the agenda at the moment. His historical tour d'horizon made for an interesting speech which your Lordships' House always appreciates. On behalf of your Lordships, I extend our congratulations. We look forward to many more contributions in future.

I congratulate my noble friend Lady Williams and the Government on encouraging housing associations to give tenants the right to buy through a voluntary agreement with the housing association sector. I wish briefly to refer to a point raised by the noble Baroness, Lady Bakewell of Hardington Mandeville, on the impact of right to buy on the small, but growing and vital, community land trust movement.

The community land trust movement is vibrant in this country. Local people have set up and run organisations to develop and manage homes as well as other assets important to the community. The very purpose of CLTs is to develop homes that are affordable to local people in perpetuity—I stress "in perpetuity". CLT homes are not supposed to benefit just one generation; they are intended to benefit every future occupier. Extending the right to buy to community land trusts would undermine the very purpose of a CLT—to create an asset for the community in perpetuity—and, I am told, the future of this growing sector. However, as the noble Lady, Baroness Bakewell, pointed out, many of the 175 community land trusts across the country are still nervous that an exemption in a voluntary agreement leaves them very vulnerable to pressure to sell their CLT homes. She pointed out clearly that it is important for the stability of this small but vital sector that the Bill gives them clarity and certainty to be able to plan securely for the future.

I have spoken to the Minister about this situation and very much hope, knowing how understanding she is, that she will find the solution during the passage of the Bill. I repeat: I commend her for exempting community land trusts in the voluntary agreement and trust that Her Majesty's Government will find a way to support fully a future amendment to enshrine the exemption of CLTs from the right to buy.

6 pm

Lord Young of Norwood Green (Lab): My Lords, I do not profess any particular expertise in this issue but nevertheless I have an interest in what is clearly one of the most important challenges we face in our society. I, too, congratulate the maiden speakers on their contributions, although I cannot help inclining especially towards the mayor of Watford, given her background in teaching as well.

Three little words have dominated housing policy for the past 30 years: "right to buy". I can remember an occasion—perhaps the only time when I canvassed for the Labour Party—when I was chased down the garden path on the grounds that our local council was opposing the right to buy of the council tenant, who was somewhat reluctant to guarantee me his vote for the Labour Party in that election. It was an indelible experience. I cannot help reflecting that those three little words have had a very long consequential tale. After 30 years, if I look at my own local authority, it is no longer just the three little words but it should be five, because 50% of the property that was right to buy is now "right to buy to let". Is that really what we intended? Does that really create the opportunity for the next generations to buy a house?

I listened carefully to my noble friend Lady Royall. Again, if we look at rural communities, we ask what happened to the social housing in them. It has gone. Of course, the right to buy was extended; now, so many of those properties have risen to the price of private sector housing, placing them beyond the reach

of today's generations. In fact, many of them have become second holiday homes. Is that really what we intended with the right to buy? I do not think so.

We should perhaps think carefully about how prescient were the housing associations of the past, such as Peabody and the Notting Hill Housing Trust. They understood the need to have a viable rented sector that provided good-quality housing at affordable prices. Of course, I cannot deny the fact that many people aspire to own their own homes but a number of homeowners are now beginning to realise that what was viable for their generation is no longer viable. If I reflect back to when I bought my first house in the late 1950s, it took me and my wife at the time a couple of years or so to save up the £500 deposit to buy a house at £3,500 and to pay a mortgage back at £13 a month, which roughly equated to my weekly wage at the time of £13 a week. Could that equation possibly exist today? Of course it could not—it is beyond the reach. The only way many young people—including my own two children from this marriage—have been able to buy their own properties is the bank of mum and dad. That is the only way my children could do it. With their current wages—and both of them are in reasonably well-paid jobs—there is no way that they could do what I managed to do all those years ago.

Therefore, of course, we have extended home ownership but we have done it at a price. Surely, if we are looking for a housing policy that is planned for the future, we have to acknowledge that we need a balance between home ownership being viable and achievable and ensuring that we still have a rented sector, which a large proportion of our society will need. They need reasonable-quality, affordable homes to rent. I listened carefully to the noble Baroness, Lady Rawlings, who made a plea for community land trusts, and I echo that. She said that they were,

"an asset for the community".

She is absolutely right, but is not social housing an asset for the community? Surely it is.

Of course, I welcome the rogue landlord banning orders, which come not before time. The situation of houses that landlords provide is absolutely appalling. It does not matter where you go: they do not care about the quality of the accommodation they provide or about how many people are crammed into these houses. Look at the programmes that have shown how appalling the situation is in London. I was therefore puzzled that an opposition Motion in the Commons to add a clause to the Bill entitled,

"Implied term of fitness for human habitation in residential lettings"—

which would have amended the Landlord and Tenant Act 1985 with the intention of placing a duty on landlords to ensure that properties let were fit for habitation and remained so over the course of the tenancy—was rejected. Should that not be a given? Why would we seek to oppose that? Instead of banning rogue landlords being the cure, should we not have the prevention that that proposed new clause would have made? I hope that the Government will be prepared to think again. I, too, look forward to the continuing debate in a complex area, and I hope that the Government are willing to listen.

6.07 pm

Lord Tope (LD): My Lords, first, I declare my interest as a vice president of the Local Government Association. In the six minutes that I have today I will focus on some of the issues of greatest concern in London and to Londoners. Obviously, many of these issues are of concern in other parts of the country, too, but the housing situation in London is now so acute that in a poll commissioned by London Councils, housing was the top issue for Londoners, whereas it was only the sixth most important issue in other parts of the country. It is certainly a top priority for every London borough council, so we judge this Bill by how likely it is to help Londoners have a decent home and a secure tenure of whatever sort.

I will start by addressing two issues that have had relatively little attention during the progress of the Bill thus far. The noble Lord, Lord Kennedy, mentioned one of them, I am pleased to say, in his introduction: the issue of electrical safety. The Bill is an opportunity to bring forward additional measures to protect tenants from safety hazards. Last year the Government introduced important regulations for carbon monoxide and smoke alarms in the private rented sector, and tenants are already protected by regular gas safety checks. Electrical safety is being left behind, as there is no legal requirement to prove to tenants that a property they are moving into is electrically safe. Electrical Safety First has told us that electricity causes 20,000 house fires every year, 350,000 injuries and 70 deaths. The Bill provides the opportunity to introduce mandatory electrical safety checks, and I shall table an amendment to give effect to this—unless the Minister can tell me today that the Government themselves intend to do so.

Another London issue that has received little or no attention in the other place is the new London Land Commission, which is chaired jointly by the Housing Minister and the mayor. It has already published the first ever comprehensive register of public land in London, revealing 40,000 sites across the capital with the capacity to deliver a minimum of 130,000 homes. This Bill is a timely opportunity to give the commission the powers it needs to make this happen—for instance, by giving public bodies a duty to co-operate with it and giving it the right of first refusal when such land is to be sold. Will the Minister tell us in her reply what the Government's intentions are concerning statutory powers for the London Land Commission?

I am a strong believer in devolving more powers from central government—yes, sometimes to the Mayor of London, of whatever persuasion, when appropriate to his strategic role, but also directly to the London boroughs when that is more appropriate. In considering devolution within London it is even more important to recognise that the role of the mayor in relation to the boroughs will work best if it is that of a partner rather than that of a police officer. I hope that that will be borne in mind when the various planning considerations proposed in the Bill are brought before us.

Other issues of particular concern in London are vacant high-value asset sales, starter homes, the right to buy and so-called "pay to stay". I echo, but will not repeat, what has already been said and will no doubt be said again later in the debate. The policy of selling

[LORD TOPE]
high-value assets is of particular concern to my own London borough council in Sutton. Using the best information so far available to it from DCLG officials about how the formula might apply at borough level, it looks very likely that Sutton's housing revenue account will be unviable within the next decade.

We will no doubt spend some time, too, on the so called "two-for-one" replacement policy to be applied in London. Even if the replacement homes are rented properties and in the same borough as the ones they replace—which, frankly, I think is unlikely—the time lag between sale and completion of a replacement will add both cost and human misery to the additional periods in temporary accommodation that homeless households will face. This makes no sense—until we recognise that this is primarily about taxing local authorities and very little about housing more people. Starter homes are fine but unlikely to make much impact in London, as has already been said, so I hope that the Minister will confirm that councils everywhere will continue to have the flexibility to deliver other affordable housing products as well.

I must leave right to buy, pay to stay and many other important issues to others and to later stages of the Bill. But we have much to do if we are to make the provisions of the Bill both workable and of real benefit to those in housing need in London and throughout the country.

6.13 pm

The Lord Bishop of St Albans: My Lords, I, too, add my congratulations to the noble Baroness, Lady Thornhill, and the noble Lord, Lord Thurlow, on their excellent maiden speeches.

I shall limit my comments to three areas. My first concern stems from the right-to-buy deal that has been agreed between the Government and the NHF, and the provisions within the Bill which will accommodate starter homes within affordable housing requirements. My concern is that housing which would once have been provided as affordable rented housing—affordable in perpetuity—will now be replaced by starter homes and homes to buy, with the only condition on their resale being that they be held off the market for a period of five years.

The simple fact of the matter is that, as things stand, houses in rural areas sold under the right to buy will not be replaced in the same area—or indeed, in all likelihood, in any rural area. In so far as they are sold, they will be lost for those who need access to affordable rented accommodation and will be replaced by affordable housing in urban areas, where the costs of development are usually cheaper and where more sites are available. Similarly, affordable rented housing built under Section 106 agreements is likely to be lost from the beginning and replaced by starter homes that benefit only those who are in a position to take advantage of the 20% discount.

What rural areas need most is not large numbers of starter homes but affordable homes to rent and homes for shared ownership—homes that are accessible to the many households on low to middle incomes who will never be able to own their own home but who form the very lifeblood of many rural communities.

I might raise a further point of concern about the status of rural exception sites, which provide around 20% of rural affordable housing. Will the Minister clarify whether tenants will be able to exercise right to buy there, or will guarantees and covenants on the land, given by philanthropic landowners, hold firm? Will she also clarify whether a proportion of starter homes will be required on rural exception sites, or will regulations exclude those sites from the provisions of the Bill?

The second issue that I want to raise is the question of fairness. Is it right to force local authorities to sell off vacant council houses to pay for the right-to-buy deal? I appreciate that this proposal takes the form of a levy on the value of vacant properties so that there is no forced sale, but the effect will be the same. Councils will be forced to sell off assets, which they may have held on to prudently, to fund a national right-to-buy programme from which they have no guarantee of benefiting. This means rural council homes being sold off to fund urban right to buy, and it means Greater London council homes being sold off to fund right to buy in areas of lesser need.

In the area in which I live—St Albans—it has been estimated that the council will have to sell off 60% of its council homes, pushing the low paid out of the centre of town to the fringes, with no guarantee of recompense to the local authority. This is wholly inappropriate and goes against the principle of localism that this Government have tried to enshrine. At the very least, rural council homes need to be excluded from the calculation of this levy. But I would also like to see measures intended to ensure that St Albans keeps hold of the majority of its assets for the sake of those who will not otherwise be able to afford to live there.

Finally, I want to highlight concerns about the impact of the Bill on Gypsy, Roma and Traveller communities. Clause 115 removes the requirement for local councils to consider the needs of the area's Traveller community specifically, and instead to make provision through caravan sites and inland waterways. It is very likely that this will result in fewer sites becoming available for Gypsies and Travellers, as their specific needs will be buried within the wider housing needs of the community. Such a change is likely only to increase the number of illegal Traveller sites, so inflaming community relations. The failure to provide an impact assessment of this measure is again frustrating, but I hope that the Government will give this and the other matters that I have raised due consideration in Committee.

6.18 pm

Lord Lansley (Con): My Lords, it is a pleasure to join in this debate, which even at this stage is demonstrating that it is extremely well informed and engaging. It promises a lot of substantial discussions in Committee and beyond, and I look forward to listening carefully to those.

For now, time does not permit one to enter into all the arguments, but it seems to me that it is important for us to secure through the ambition and scope of the Bill the resources to enable housing association tenants to meet their aspiration of home ownership, and to generate the resources we need to deploy in the building of additional social housing.

At its heart, however, this is not a limited zero-sum debate about the disposition of existing housing stock. It is about adding to the housing stock and delivering the housing supply we so singularly failed to deliver over the last decade or so, if not longer. As a former Member of Parliament, I saw the housing lists continually lengthening, including right through the period of the last Labour Government, because of the failure to deliver additional housing stock in the places where people needed and wanted to live. Today, I want briefly to illustrate that we have to understand the nature of the past problem we have had and throw everything at it. As the Minister said at the outset, we have to do all we can to help to deliver the additional supply.

In my former constituency, South Cambridgeshire, in the early 2000s—almost 15 years ago—we were debating where we would build a new town. The right reverend Prelate the Bishop of Rochester talked about building at Ebbsfleet. We had in Northstowe—the name it has been given—a site for a new town of up to 10,000 homes, but the intention was that it be private-sector-led. The debate before 2000 led to the structure plan in 2003, which agreed that this new town would be built and, over the subsequent 15 years, deliver about a third of the additional housing required in South Cambridgeshire. That was not to the exclusion of housing in villages, market towns and the city of Cambridge itself but as a substantial addition to it—6,000 homes by 2016. It is now 2016, and I have to advise your Lordships that of the 6,000 homes that were going to be built, none has been. There is no home occupied.

After 2003, little progress was made on planning for far too long. The planning application began to be presented only in 2005. In 2007, Gordon Brown designated Northstowe the exemplar eco-town. This, unfortunately, delayed any progress because everybody started to talk about the eco standards rather than about actually building houses. By 2008, as the noble Lord, Lord Kerslake, said, the market had fallen off a cliff. I think it was probably about a decade ago that he and I were on site discussing it, when he was at the Homes and Communities Agency. Because the project was private-sector-led, there was no progress. It was only in 2012 that the planning application was approved, and only in 2015 was the second phase presented for outline planning permission. It is more than a year ago that Northstowe was described by the then Deputy Prime Minister, Nick Clegg, as the place for the first garden city. We still do not have any progress on that either, and it probably got in the way of anybody making any progress. We do not need more initiatives; we need more houses.

Frankly, this example—in which the first home is likely to be built and occupied in early 2017, a decade later than intended—shows that we have to find a better way of delivering major housing projects. Around Cambridge, there are any number of houses being built as urban and village extensions, but we have to be able to balance the housing supply and deliver on starter homes and key worker housing, which we really need around the city. We have to be able to put new settlements in, otherwise we will never get the balance of housing we are looking for.

I welcome the Bill. As is often the case, it must be seen alongside the other expenditure and administrative measures the Government are taking. For Northstowe in particular, and for other new towns that will come along—such as Waterbeach, which has been proposed outside Cambridge—we need the permission in principle. We need that kind of upfront certainty from the point at which the plan is determined. That will reinforce the determination and right of local communities to say, through their local plan, what the structure of their housing and spatial distribution should be. We need to back that up with a government commitment, which we have now received, to direct commissioning and putting the houses in place. For these purposes, that can be linked to the supply of starter homes and key worker housing. It is really important that that happens. If it happens without direct government involvement, there is too great a risk of loss to the community infrastructure levy under the Section 106 planning obligations in the area as a whole, if the starter home discount had to be funded out of that.

There is a test for the Bill. Does it enable the mistakes of the recent past not to be repeated? Does it enable us to deliver more housing more quickly? That will be the test.

6.25 pm

Lord McKenzie of Luton (Lab): My Lords, six minutes is barely time to scratch the surface of this Bill. It is certainly not enough time fully to expose the policy failures of this Government and their predecessors, who have seen home ownership fall year on year, fewer homes built than any peacetime Government since the 1920s, soaring homelessness and rough sleeping, and one in four families with children renting in the private sector, with private rents reaching an all-time high. It is not enough time, either, to spell out in detail why this Bill fails to address the housing needs of our country. Instead, the Bill offers starter homes that are a non-starter for most; the loss of genuinely affordable homes to rent or buy; the increasing centralisation of our planning system; a flawed right to buy; and the removal of security for tenants. We can have no confidence that it will fundamentally address the chronic shortage of housing in this country. So there will be much for us to do in Committee.

I would like to concentrate my brief comments on just two areas: planning and the so-called high-income social tenants. On planning, the coalition Government proclaimed a new world with the NPPF, the scrapping of regional spatial strategies, the duty to co-operate, neighbourhood planning and neighbourhood development orders, all done under the banner of localism—and, of course, the new homes bonus to solve our housing crisis. If this was all such a success, why does this Bill include a raft of new centralising powers for the Secretary of State to intervene to require local planning authorities to designate specific neighbourhood areas; to set time limits on decisions to hold a referendum on neighbourhood development orders; to direct an authority to amend its local development scheme; to give instructions to an independent examiner to intervene in the development plan process; and to direct the local planning authority to revise a document and submit it to independent examination? Whatever happened

[Lord McKenzie of Luton]
to localism? All this moves us inexorably away from a planning system anchored in the democratic processes of the local community. How will all of this encourage local communities to support the new developments we so desperately need?

As if this were not enough, there are powers for the Secretary of State concerning planning obligations and powers to introduce pilots involving alternative providers for the processing of applications for planning permission—the thin end of the wedge, no doubt. Why will the Government not properly resource local authorities' depleted planning departments and make sensible provision for planning fees?

So far as the proposal to charge market rents to "high income" social tenants is concerned, this has all the makings of a bureaucratic nightmare. Although we may not object in principle to the fundamental proposal, as we have heard previously the threshold above which tenants will be subject to higher rents, £30,000, will hit many hundreds of thousands of households, including couples working full time and earning just the living wage. We, of course, see a disparity between the treatment of housing associations and local authorities. For the former, the policy is mandatory; for the latter, it is voluntary. The additional rents charged by housing associations will be available to them for additional investment but local authorities will have to hand over their proceeds to the Treasury. Like so many aspects of this Bill, the details will be left to regulation. Perhaps the Minister will tell us how much of this we will see before the legislation moves on from this House.

We know that "high income" will be determined by the income of the two highest earners in the household and that the assessment will be based on gross income. The practical challenges of this are obvious. How will the policy cater for the changing composition of households, with individuals moving in and out during the course of a year, or during the course of the year for which the income is to be calculated? What will be the basis of assessment? If rent demands have to be processed before the start of a year, then for the current year and the preceding year a person's income for tax purposes will not always be known. What will be the position for the self-employed, whose tax position can in certain circumstances take longer to agree? Generally, what will happen if there are legitimate adjustments to gross income for tax purposes after a rent level has been set? Will there be a refund? Will there be an appeals process?

The current rent standard guidance contains provisions which exclude the standard applying where household income reaches £60,000 or more. Here, the household is defined as the tenant or tenants, plus spouses, civil partners or partners. Is it envisaged that the same definitions will apply in these circumstances? Can it be confirmed that adult children living at home—an increasing phenomenon, given our housing crisis—will be outside the calculation? How do the Government respond to concerns that the policy will be a work disincentive and discourage individuals from working longer hours?

The administration of all this will not be without its challenges, but this is just one of the Bill's lost opportunities.

6.32 pm

Lord Greaves (LD): My Lords, it is always a pleasure to follow the noble Lord, Lord McKenzie of Luton. I wish to speak mainly about planning and I associate myself with what he said about that in the first part of his speech. I also associate myself with my noble friend Lady Bakewell of Hardington Mandeville's excellent opening speech from these Benches. I am delighted to see my noble friend Lady Thornhill in her place today and to hear her making such a good speech. My other accolade is for the noble Baroness, Lady Andrews, who is not in her place at the moment. Again, I associate myself with everything she said on planning.

I declare my interests as deputy leader of Pendle Borough Council, a member of various planning committees, vice-president of the LGA and vice-chair of the APPG on Local Democracy. No doubt there will be other things as the Bill wends its way through.

Normally at weekends I spend my time on local political stuff, trying to help run the local council and so on. This weekend I took a few days off and sat down to read the Bill and its various documents. People in our household thought I was a bit of a geek but, nevertheless, when noble Lords have a bit of spare time, I recommend that they read the Bills. In particular, I recommend that they read the Bill but do not believe the spin.

I am pleased to see that the noble Baroness, Lady Andrews, is back in her seat—or perhaps I missed her before.

The quality of the Bill is variable. In the 15 years that I have been in your Lordships' House, taking an interest in housing Bills, planning Bills and all sorts of other Bills, I have come to realise that there are good Bills and bad Bills. Some of this Bill is very well written: it is clear, full of admirable detail—in the Bill and in the schedules—and the Explanatory Notes are good, but parts of it are abysmal.

In recent debates in your Lordships' House about secondary legislation, affirmative orders and what rights we should or should not have over them, many noble Lords have complained about the skeletal nature of some of the Bills. Anyone doing a future academic course on skeletal Bills could do no better than address themselves to Part 1 of this Bill on starter homes. It covers not much more than three pages but includes nine ministerial regulation-making powers, over half of which, at the moment, are to be affirmative. I associate myself with what the noble Baroness, Lady Royall of Blaisdon, said: unless we have a lot of detail about what these regulation-making powers are to be, we should not pass the Bill in this House.

As to the planning system, the Government's view appears to be, first, that we need to build more houses; secondly, that the planning system is broken; and, thirdly, that the planning system is to blame for not enough houses being built. I have said several times in your Lordships' House that I believe the planning system is bust, and I stand by that. However, it is wrong to identify the problem of not building enough houses as basically lying in the planning system. It lies in a lack of finance and people's lack of ability to build houses—and the proposals in the planning section

of the Bill will not improve matters. The problem in the planning system is not mainly in development management or the processing of applications but in plan-making. The plan-making system for developing local planning policy is in need of substantial overhaul and the Bill does not do that.

Local plan-making is supposed to take place within a coherent framework of the national planning policy on an evidential base of needs, the facts on the ground and in consultation with all affected interests, including local people and local residents. However, national policy is erratic, dictatorial and is always being changed. The building of the evidential base is overly elaborate and too reliant on evidence based on instructions from on high, and the outcomes, when the computers churn them out, are very often "garbage in/garbage out".

As a result, the consultation system is expensive, highly complex, bureaucratic and repetitive. It involves an avalanche of barely comprehensible paper and is inaccessible to most people. It usually ends up consulting vested interests, such as landowners, developers, organised bodies and a few powerful people—mainly the people who are able to pay experts who understand the system to deal with the continual requirement for more and more input into the consultation. These are the consultants and other people who make their livings out of this.

I have read the Bill carefully—every damned word of it—and, in my view, it will make things worse. It will make the planning system more centralised. There will be more detailed centralised control over everything that happens and local people will have less influence and power. It will become more complicated and less accessible for people to put their spoke in. As I have said, if you do not believe me, read the Bill and not the spin.

6.38 pm

Lord Cameron of Dillington (CB): My Lords, I declare an interest as a farmer, a landowner and a chartered surveyor.

I congratulate the Government on attempting to grip our housing crisis, both through this Bill and other measures. We are making progress and the Bill is part of that. However, it does not provide all the answers and I hope we can work on how to improve the situation. The key is to provide adequate housing across all sectors of society and all forms of tenure to suit as many people and as many levels of income as possible. It is essential that we do not reduce the amount of housing available to the less well-off, which is what I fear we are doing.

The Government have a moral obligation to step in where circumstances upset the normal supply and demand and, to me, that means rural England, where 80% of the population want to live—at least, in southern England they do—but where society rightly decrees that there should be a limited number of houses built. Supply can never meet demand.

I am struck by how similar the problems are between the countryside and London: the unaffordability of starter homes to the majority of locals; the near impossibility of finding space in the immediate neighbourhood to replace affordable homes that are being forcibly sold off; the desperate need to find housing for key workers and the impossibility of doing so; and even the tendency for vacant houses to be bought up by outsiders at prices that no local could possibly afford—and then sometimes left empty for large parts of the year by their new owners, who are foreigners in London and second home owners in the countryside.

Let us begin with starter homes. These add to our repertoire of ways of making homes more available for ownership by the young, especially when combined with Help to Buy. We all know, however, that these particular young people will have to be earning well above the average wage in at least 40% of local authority areas, according to research by Savills. The real problem with starter homes is their transiency—here today, gone tomorrow. Can we continue to build more and more starter homes ad infinitum to cater for the continuous waves of aspiring young? Can we afford to? In the countryside, you cannot just keep on building. In the Commons the Minister said that,

"we want to see rural exception sites being used for starter homes to enable thriving rural villages to grow".—[*Official Report*, Commons, 19/11/15; col. 185.]

This must not happen. It is a complete misunderstanding of what exception sites are for: they are put in place for all time. Actually, it will not happen. No farmer is going to donate land to house locals if it can be sold to anyone in five years' time. No village will agree to an exception site for the same reason, unless the limited planning permission and the discount remain in place for all time. That might help.

I turn to the voluntary right to buy. I hope rural housing associations recognise the urgent need to protect the mixed nature of rural communities. It is dangerous, however, to introduce the concept—or the possibility—of the right to buy in rural communities. Farmers and communities will have to grapple with new safeguards to protect their sites in perpetuity and will naturally be suspicious, making these much-needed exception sites less likely than ever to come forward. I would, therefore, like to see a blanket protection in law from this right to buy for communities of under 3,000 people. Let us face it: the Government are going to have trouble funding these right-to-buy discounts anyway, so why not make it clear to rural tenants from the beginning?

Turning to local authority sales of high-value stock, do the figures really add up? I leave that question to others. More importantly, however, will the replacement houses be built in the same communities? Even if they were built within the same local authority, where I come from that could mean 20 or 30 miles away, roughly the distance between Hackney in London and Sevenoaks in Kent. I worry that rural villages will lose their last remaining public sector affordable houses, never to be replaced, and that the next generation will have nowhere to live.

Moving on swiftly, "pay to stay" is a good idea in principle, but the figures of £30,000 to £40,000 are too harsh, even with a taper. Do not forget, furthermore, that rural families below the poverty line often make ends meet by being self-employed, with variable incomes, and through temporary labour, by taking summer jobs and so on. Some years it works well, but some years the income is paltry. So over what period does, for instance, the £30,000 minimum apply in the countryside? A three-year average would be fairer.

[Lord Cameron of Dillington]

In conclusion, this is a very bold Bill. It is a huge social experiment. I am in favour of a lot of things in the Bill, such as starter homes and even "pay to stay", provided we can tweak both of them so that they do not have disastrous knock-on consequences. I support home ownership. I can see the argument that continuous letting from generation to generation holds back the social mobility of the aspiring young. I do not agree, however, that we should pay for the dream that the Minister referred to by selling off and reducing the number of affordable homes, which remain vital for those living at or below the average wage. I hope, therefore, that we can work with the Government to avoid the dangers inherent in the Bill, and to raise the percentage of affordable homes from the current 12% of housing stock in the countryside nearer to the urban average of 20%.

Finally, the monitoring of this social experiment must be rural-proofed, for both villages and market towns, so that we can adjust and adapt to the inevitable problems that will arise over time.

6.44 pm

Baroness Hodgson of Abinger (Con): My Lords, I, too, congratulate the noble Baroness, Lady Thornhill, and the noble Lord, Lord Thurlow, on their excellent maiden speeches.

We are all too aware of the housing crisis we find ourselves in and which this Bill is trying to address. Having a home is fundamentally important to us all: it provides long-term stability and security, giving an individual a stake in our society. Thus, we need to do all we can to help more aspiring home owners realise their dreams.

Nowhere is the lack of housing more severe than here in London, as we have already heard. Soaring property prices mean that it is very difficult for young people wanting to come here to work to find somewhere to live that they can afford. It is crucial that this problem is addressed. Does the Minister have figures for what percentage of residential property in central London is now owned by foreign nationals? In recent years it would seem that there has been a crowding-out of the settled population; it is important that our own young people should be able not only to come and work in London but to buy a flat or a house.

While there is clearly a need for increased quantities of housing, I hope that your Lordships would agree that the quality of our housebuilding, specifically the design of it, is also important. Winston Churchill once remarked:

"We shape our buildings; thereafter they shape us".

Upholding architectural standards and considering aesthetic standards are, therefore, also essential in all types of housing. Our environment has a dramatic impact on our lives, affecting our outlook, our well-being and, most importantly, our health. It can be said that of all artists, architects have the greatest responsibility to, and for, the world around them. We already have many beautiful buildings in the UK—big and small—but it would seem that this aspect is all too often forgotten in new construction. ResPublica's report, *A Community Right to Beauty*, highlights this.

We need to ask ourselves why the issue of planning causes such tensions in local communities. As we know, many housing developments fail due to opposition from local communities. Usually it is because they are unhappy with the housing that is being proposed. Too often there is little to distinguish one housing development from another in different parts of the country. While I believe that our localism provisions, which empower local authorities to have a greater say over local styles of building, should have helped, they are effective only if pricing is comparable. Big developers frequently ignore the specific and local context in which they are building and local materials—the beautiful honey-coloured stone of the Cotswolds, or the darker stone of Yorkshire, for example—and price carefully to make it more attractive to accept their somewhat stereotypical national designs.

I also have concerns about planning gain and that it may sometimes sway planning decisions. Existing residents need to know that new housing will enhance, not diminish, their environment, and indeed the value of their homes. If we just wave through thousands of unattractive, low-quality homes to address the housing shortage, we will not be achieving true sustainability. Moreover, ultimately it also short-changes those who purchase them. Fifty years ago we thought that tower blocks were the answer to housing. How wrong we were. We must avoid similar mistakes and ensure that we do not present our successors with similar challenges in a generation from now.

In smaller towns, there is also much resentment when new developments are simply bolted on in ways that do not reflect or complement the original communities. It is crucial that new housing fits in with the existing layout, enhancing the local community and creating cohesion. If we were to ensure that new housing was sensitively designed in relation to existing landscapes and architecture, I genuinely believe that we might see a step change in local attitudes.

I am glad that this Bill encourages building on brownfield sites. It is, therefore, essential that local authorities have sufficiently knowledgeable and expert staff to assess potential developments and to designate brownfield sites. The current framework rightly states that the construction of new buildings should be regarded as inappropriate for the green belt. However, I am somewhat concerned, as I understand that there are proposals currently under consultation to allow some local plans to also begin allocating green belt land for starter homes. There has also been a sharp increase in the number of homes securing full planning approval in the green belt in recent years. I do applaud the starter home concept: it is an innovative and necessary measure to help first-time buyers. However, allowing these homes to infringe upon our precious green belt cannot be the answer. I am sure that I am not alone in this House in valuing the countryside. The green belt is sacrosanct and should not be compromised, as once concreted over, we will never get it back. Conservation officers also have a critical role to play. I hope that the Minister will give an assurance that the Bill will continue to provide the same level of protection to historic buildings, which are also a finite resource.

One of the most important ways of ensuring that welcome and sustainable housing is built in the right places is including affected neighbourhoods in the

planning process. Evidence shows that involving residents in the design of new housing delivers a range of social and economic benefits that better meet the needs of both new and existing residents and ultimately creating more attractive areas that will also influence potential investors into the community. Thus I commend the measures in the Bill to extend the designation of neighbourhood areas. I believe that this is crucial to ensuring that greater consideration is given to the appropriateness of new housing and will in turn help to reduce the gridlock of opposition to new developments; in short, everybody wins. I welcome the efforts to address the need for more homes, which are so badly needed. However, we must build homes that will last, nurture and enhance communities for years to come.

6.50 pm

Baroness Young of Old Scone (Lab): My Lords, I think we are all in agreement about the importance of housing, and particularly affordable housing, especially with the new predictions on even greater population growth. We all want to see houses that are secure and affordable homes in which people can thrive and which are provided in ways that foster mixed communities and are environmentally and financially sustainable for the future. I do not think that the Bill contributes much to that, and in fact it could make matters worse rather than better. Several of its provisions have also been introduced in haste at the last minute and have not been tested out in the other place, so we have a serious job of work in front of us.

I do not want to focus in my brief time on the dash for starter homes and home ownership; I simply agree with many noble Lords who have already talked about the concerns around it reducing the availability of social housing and supported housing, in particular affordable housing for rent. I also endorse the view that the Bill is a bit of a pig in a poke—in fact, it is such a large pig in such a large poke that you can hear it squeaking. As primary legislation it is very broad and arrogates wide powers to the Secretary of State. It is also highly dependent on secondary legislation, so I ask the Minister for assurances that we will be able to see the draft secondary legislation during the Committee stage, otherwise she is asking us to buy this pig in a poke sight unseen.

I want to focus on the Bill as a serious assault on the planning system. It is a pity that the noble Lord, Lord Greaves, is not now in his place because I am a great fan of the planning system. It has stood us in good stead and has been one of the jewels in the crown of British democracy; I do not agree with the noble Lord, Lord Greaves, that it is bust. It enables elected local authority members to review evidence from a wide variety of sources and to balance competing economic, social and environmental needs in the interests of local communities. It has clear mechanisms for the involvement at all stages of local people and it is not as impenetrable as the noble Lord makes out. I find it difficult to believe that he finds the system impenetrable if he likes to read Bills on his weekends off.

The Bill assaults the planning system in a number of highly damaging ways. I believe that the obligations on planning authorities to deliver the Government's starter homes policy mean that the planning system will become starter home-led rather than plan-led. We are already seeing challenges to the delivery of Section 106 agreements across a whole range of social and economic benefits by challenges under the viability system. I ask the Minister to show how Section 106 agreements and the valuable role they play in shaping local infrastructure, in providing local services and in delivering other social benefits, will not be gobbled up under the pressure for starter homes.

The second challenge that the Bill introduces is in the new planning process in the form of a new category of "permission in principle" for any sites that are identified by "qualifying documents". The Bill itself is very general in its approach, although I understand that initially it would be for brownfield registers or any sites that are designated in local and neighbourhood plans. But it is not clear that there may not be other registers and qualifying documents that would allow for the permission in principle process to go ahead. For example, once a brownfield site is on a list or in a qualifying document, the intention seems to be that in order to give assurance to investors or developers it then cannot be removed. It will have permission in principle. So it is absolutely vital that there is clarity and consultation on the criteria for what are going to constitute qualifying documents, and that local people will be able to be consulted about and to comment on such documents before they are agreed and immutable. If we are talking about speeding up the planning system, I am not sure that we are not simply putting a requirement to consult very early on in the process rather than later. I am not clear that simply doing that will reduce the logjam.

The Minister kindly organised a meeting with Peers from across the House and I asked her then for clarification about the stage at which local people would be consulted. It seems that we need a flow chart showing what issues such as environmental issues, the importance of sites for wildlife, flood risk, sustainability standards, open space and design would be considered in this new process because after the site is on the register or in a document and has permission in principle, a local authority can only consider "technical details". I have not yet had the promised clarification from the Minister but I am sure that she has not forgotten about it and I look forward to seeing it shortly. We need to understand what the process is going to consist of before we agree it in this Bill. I would be very unhappy if the process did not ensure proper consideration and consultation on environmental, sustainability and quality standards and did not involve local people throughout.

There are a number of other challenges to the planning system in the Bill and it is a shame that some of them do not actually tackle the issues at the heart of some of the concerns about housing going forward. In my view, the slowness in houses coming forward on sites is not necessarily about the availability of sites; it is often about the availability of finance for small builders for whom such small sites are best suited.

I hope that we can debate further during the passage of the Bill other challenges to the planning system. The Secretary of State will be able to grant consent for housing through the nationally significant infrastructure process. This gross centralisation is the most amazing

[Baroness Young of Old Scone]
assault. I do not understand how it works and I hope that I can get some illumination on what was a last-minute insertion of scope for alternative providers to process planning applications rather than local planning authorities, particularly as the alternative provider's advice will be binding on planning authorities. I am seriously confused as to how that will work.

These fundamental changes to the planning system risk focusing too closely on speeding up the planning system, when in fact the problem is not planning approvals but build out, rather, on applications which have already been granted. Other factors such as the availability of skills, finance and measures to ensure that large developers do not hang on to sites to keep prices up all need to be tackled before we erode the planning system, which is a tribute to localism, democratic accountability and community involvement.

6.57 pm

Lord Stoneham of Droxford (LD): My Lords, in the limited time available in this debate, I would like to speak from the perspective of someone who for the past 12 years has been involved in challenging three housing associations to improve their performance and do more for development. I must declare my interest as currently chair of Housing and Care 21. Because of my experience of wanting to challenge organisations to do better, I accept that one should not take a totally negative view of the Government's challenges to housing associations at this time, although I accept that at times I have been somewhat tested. Every challenge is an opportunity to improve performance and there is great potential in housing associations to build more homes, if only the Government would realise that potential. But that potential depends on a stream of rents, using assets well and creating surpluses so that the funds can be found to do more development.

I have two general questions to ask about the Bill. The first is whether it will help us to build more homes over the next 10 years, which I think is a relevant timescale not least because we do not want to see 1 million homes built by the next general election and then the housing industry going into its normal cyclical downturn, so we are back to the average for housebuilding for the next decade that we have seen in the past decade. The second question that I want to challenge is: is it the type of housing that we want? Is it the quality and balance that we want to meet genuine need?

To deal with balance first, I just cannot believe that the whole emphasis of this housing strategy on private ownership is right. It cannot be right socially to have all your eggs in one basket and it certainly is not right economically, either. We seem to have abandoned the strategy of the previous Government of building rented accommodation through affordable rents. I am quite glad about that because we were told at the time that that was more cost-effective than grants—but I never believed it. Affordable rents merely put pressure, as we predicted, on housing benefit bills. But it is not clear what will happen to funding after 2018. We may have a situation in housing associations where the only development being done is replacing property which has been sold through the right to buy.

There is one huge inconsistency in this Bill, which goes back to the bedroom tax. At the time of the bedroom tax, we were told that 500,000 households were living in accommodation which was too large for them. But to deliver on that policy, we had to provide smaller accommodation that they could move into. I am afraid that this Bill will not answer that at all. So I ask the Minister: what is the implication for the policy on the bedroom tax in five years' time as this policy is pursued?

Can anybody imagine a more complex funding scheme for the right to buy than the one proposed in this Bill? The Government have persuaded the National Housing Federation to co-operate with right to buy, but I think that we have yet to hear the full voice of councils which are concerned that they will have to sell their expensive properties. As the noble Lord, Lord Kerslake, said, there is a huge discrepancy in funding which has got to be exposed and which we have to be told about. There is a fundamental principle here, which is that areas that have to sell their council housing should be able to use the money in their own area to improve their stock and to build more affordable housing. I do not want to be told that there is not extreme relative deprivation in some of these wealthy areas. I have seen it in council estates in Winchester, and these are the areas which are going to have to sell most of their stock.

Finally, I turn to the issue of what we should do about the cyclical nature of private housing development in this country, which was raised by the noble Lord, Lord Kerslake. What safeguards will the Government put in to protect when the cyclical downturn comes? Because it will; it comes repeatedly. Every five to six years we get a downturn. Tony Pidgley, the chairman of Berkeley Homes, says that he runs his business on the basis that a catastrophe is round the corner—not his catastrophe, just the market. If you put all your eggs in one basket on private ownership, you raise that risk.

All the Government initiatives, including help to buy and starter homes, have the effect of distorting markets and encouraging price rises. Housing associations will be encouraged to develop a new business model of making profit from private home sales to find funds for development, including perhaps some development that could be for social rent—if they can find it. That will be fine when we are riding the housing upturn. We will have people saying, "Great, we can build more". That will be the rallying cry. But when the downturn comes, as it surely will, housing associations will be very vulnerable when the housing sector hits the buffers. They will not have the experience to deal with the calls in the market. In many areas, particularly where they have gone into shared ownership, they will have gone into the margins of home ownership and the people buying those homes are the most vulnerable in the economic downturn.

So as we go through this Bill, we have to ask what the countercyclical policies are to switch policies to social rent when that happens. Let us remember the words of the noble Lord, Lord Kerslake, who said in his speech that it was the housing associations which kept the housing sector going in the last recession. Housing associations

are best at providing homes for rent. They have developed a knowledge of shared ownership, but private sales will be largely a new venture and that is a substantial risk for them. We should respect the skills that they have and build on them to get the most and the best homes built. Taking them out of their comfort zone will provide risks in this very cyclical sector.

7.05 pm

Lord Adebowale (CB): My Lords, in contributing to this debate, first, I state that I am chief executive of Turning Point, a health and social care organisation supporting people with complex needs. In many cases this includes supporting some of the most vulnerable people in society to find suitable housing. Turning Point is also a registered social landlord. I am also chair of the London Fairness Commission, which is due to report this spring. Housing is one of the key issues reported to us by Londoners in their definition of fairness, as opposed to the definition of Ministers and politicians. I started my career in housing. I worked on several estates and set up housing co-ops. I have worked with vulnerable people in need of housing. Indeed, my parents experienced many of the privations mentioned in the excellent maiden speech of the noble Baroness, Lady Thornhill.

As wide-ranging and controversial as the Bill is, I want to focus on three key areas that impact on the people who fall at the sharp end of the inverse care law; that is, the law that states that people in most need of housing and social care are those who tend to get it the least. I want to talk about the challenges facing housing co-ops; the right to buy being extended to housing association tenants and how this will affect people with complex needs trying to obtain housing; and, finally, lifetime tenancies. I should point out that Turning Point did not sign the voluntary agreement letter between housing associations and the Government. I talked to our clients and tenants, who told me in resoundingly clear terms that the answer is no and that they did not want to sign the letter. We should not assume that everyone wants to own their own home. Most people aspire to an affordable, stable home in a stable community.

Housing co-ops are small businesses providing sorely needed social housing on a sustainable basis at little cost to the state. Fully mutual housing co-operatives are fundamentally different from housing associations in that they are democratic bodies where all tenants are also voting members of the body that controls their housing—the very definition of being all in it together. Based on my experience, I am particularly concerned that the Bill has not fully considered the potential impact that legislation would have on housing co-operatives. Given current proposals, co-ops could face increased rent arrears and legal costs. Proposals could also lead to overoccupation of tenants and negatively impact on their ability and motivation to work by reducing their earnings or working hours, as stated in an excellent paper written by Richard Stubbs, who has been very much involved in housing co-ops, for the Longlife Housing Co-operative.

The 1% per annum rent decrease announced in the Welfare Reform and Work Bill will also cut the annual income of co-ops, which could mean that they will have to find ways to cover the shortfall without reducing what is spent on maintaining much-needed housing. The Longlife Housing Co-operative has calculated that the 1% reduction, disregarding inflation, will reduce annual income by almost £15,000 per annum. That might not seem like a lot of money but in the budgets available to housing co-ops it could add up to a substantial amount. Over 20 years, it would be about £500,000. Co-ops could therefore be rendered inoperable and measures would likely force their failure, which would be detrimental to the sector. Will the Minister agree to meet with a representative from the housing co-operative movement to discuss their concerns in more detail?

Clauses 56 to 61 concern right to buy. In addition to concerns around co-ops, many are worried about what this Bill means for people, particularly first-time buyers and people on low incomes, as the housing stock fails to keep up with demand. On 22 October 2015, I asked the Minister whether there will be a timeframe within which housing associations are expected to build these extra homes and whether there would be a minimum guarantee of rented accommodation built to support individuals suffering from ongoing health issues.

This is important because the people I hear from, both through the London Fairness Commission and those with mental health conditions, and people recovering from substance misuse supported by Turning Point, tell me that they need safe, secure and reliable housing to continue their recovery. However, they are finding that there is a severe shortage of housing available to them. Indeed, the Office for National Statistics showed that there is already a shortfall of 141,000 homes, with Shelter suggesting that the Bill will lead to 180,000 fewer affordable homes to rent and buy over five years. As of 2 November 2015, according to DCLG figures, over the past three years 9,025 homes have been sold under right to buy in London, and there have been 1,310 starts on replacement.

In response to my Question, the Minister said that replacement homes will be delivered as quickly as possible. While aiming for replacement within two years, the default position is that housing associations will have flexibility to replace homes within a three-year period. This really concerns me, because my definition of "as quickly as possible", the Government's definition and that of the individual already having to leave a residential mental health service or other service, but who is unable to because of lack of housing, are very different. My hope therefore is that the Bill will be clear on what "as quickly as possible" means and will look to speed up this process so that people can move on effectively with their lives. It is also important that housing stock being sold off is replaced like for like and in a similar area. The noble Lord, Lord Kerslake, also made it clear that the maths do not quite add up.

Housing is a critical foundation across the life course, both physically and psychologically. While other aspects of our lives may change, the need for safe and secure housing does not. Compared with the general population, people with mental health conditions are one-and-a-half times more likely to live in rented housing, with higher levels of uncertainty about how long

[Lord Adebowale]
they can remain in their current home. Mental ill health is frequently cited as a reason for tenancy breakdown, and having settled housing and accommodation is known to have a positive impact on our mental health. This is critical and provides the basis to enable people to recover, receive support or return to work—or, post-recovery, to enable the individual to continue to live well, work and become part of community life.

I shall illustrate this with a short case study. Lee is 47 and has experienced various mental health issues as a result of multiple redundancies, several house moves, family breakdown and subsequent drug misuse. He is a qualified truck driver, has a degree in engineering and has worked for large and reputable companies such as BT and Bosch. He also has two teenage children with whom he has minimal contact as they live 15 to 30 miles away from him. Lee has been a resident of one of Turning Point's services for almost two years, and although he has applied for housing four times, he has had his application rejected four times. He has been told that, because he is deemed a temporary resident by the local authority, he lacks sufficient ties in the local area to be granted housing, even though he has lived there for almost two years now. He has also been open and frank about his situation and his past, but this seems to have tarnished his image and chances of being able to move on and start his life again. Under various proposals in the Bill, including the right to buy, the forced sale of vacant high-value houses and, to an extent, the withdrawal of lifetime tenancies, Lee's chances of securing a home, gaining confidence, independence and employment and starting to think about moving on with his life will be even slimmer.

As is the case with anything involving welfare, in some areas the proportion of council houses likely to be sold is much higher due to more deprived areas being more reliant on social housing. It is quite likely that starter homes will be built in place of new affordable council or housing association homes, and for the first time since the Second World War there is no national investment programme to build such housing. It is also important that housing associations are required to consult regularly with their local councils on the impact of the extended right to buy and any potential deregulation package. This would help to ensure that housing associations and councils manage their housing assets and invest in new and existing homes to meet the needs of local conditions and their tenants, including the most vulnerable.

How the scheme plays out will affect local authorities and their ability to plan for meeting "affordable" needs and to provide replacement stock in their local plans by early 2017. The Bill does allow for negotiation between the Government and individual local authorities on the payments and on retention of receipts, and for certain properties to be exempt. However, it must also enable councils to retain sufficient funds to replace lost council homes in the local area to meet local housing need.

Finally, on lifetime tenancies, the Government spoke recently about building stronger families and recognising the importance of community cohesion. Having such strict regulations over the amount of time residents can or cannot live in a property will have the effect of damaging these very communities. The threat of limited-term tenancies removes one of the last remaining secure types of housing available to people who cannot afford home ownership. It will leave people at the mercy of the insecurities of spiralling private rents and sky-high housing prices. How can people like Lee, for example, form real, tangible links with their place of residence, and therefore their community, if this is liable to change every two to five years? In response to the excellent speech of the noble Baroness, Lady Eaton, I wonder whether she might consider Lee to be a deserving case.

We therefore need a housing Bill that supports stability, recovery, progress and independence, not only for those who are currently working and able, although it is important to support them, too; we need a Bill that is also ambitious enough to support a future population that could be working and able to work if they only had access to secure housing.

7.15 pm

The Earl of Liverpool (Con): My Lords, I preface my brief remarks by declaring an interest as director of a property development company, as shown in the Lords' register. I wholly support the main aspirations of the Bill, which are to facilitate the creation of 200,000 starter homes by 2020 and to extend right to buy to tenants of housing associations. I believe that this has the potentially to dramatically improve people's lives in the same way the right-to-buy legislation did when implemented by the Conservative Government in the Housing Act 1980. I am sorry that my noble friend Lord Heseltine is not in his place. I hope that he will not mind me quoting something he said at that time:

> "There is in this country a deeply ingrained desire for home ownership. The Government believe that this spirit should be fostered. It reflects the wishes of the people, ensures the wide spread of wealth through society, encourages a personal desire to improve and modernise one's own home, enables parents to accrue wealth for their children and stimulates the attitudes of independence and self-reliance that are the bedrock of a free society".—[*Official Report*, Commons, 15/1/1980; cols. 1444-45.]

Those are fine words that I believe are as appropriate today as they were some 35 years ago.

Many noble Lords will have received briefing papers from various bodies and organisations. I was particularly drawn to one from the Wildfowl and Wetland Trust—I do not think that that has been mentioned so far. The paper reminds us that the risk of surface water, sewer and river flooding can be dramatically increased by development. Graphic pictures of the damage to property in the recent floods in the north are still fresh in our minds. It is predicted that by 2060 climate change could result in a 20% to 40% increase in rainfall and a 30% to 110% increase in flood damage, so it is important that new developments pass a flood resilience test. This requirement should be enshrined in the Bill. I hope that it may be possible to achieve that at later stages.

The Flood and Water Management Act 2010 included a powerful set of provisions for mandating sustainable drainage systems—SUDS, to use the acronym—in new developments, but for some reason the Government chose not to bring Section 32 of that Act into force.

The noble lord, Lord Krebs, as chair of the Adaptation Sub-Committee, stated that,

"the uptake of sustainable drainage systems in new development is lamentable".

I hope that something positive can be done to correct that.

Clause 2 includes provisions intended to increase the number of self-build and custom-built properties. It requires local authorities to maintain a register of individuals who have expressed an interest in acquiring land for this purpose, and to grant development permission for suitable plots of land to meet this demand. This is a very positive proposal which would give tangible help to smaller independent builders. It would also add an extra dimension to the overall provision of new homes.

As noble Lords have already stated, there are a great many provisions in this Bill—too many to go into in detail in the time available. I welcome Part 2 of the Bill which includes measures intended to tackle rogue landlords and property agents in the private rented sector. I congratulate the Government on introducing amendments in another place on Report, making the breaching of a banning order a criminal offence and raising the maximum penalty to £30,000.

One aspect of our planning process which I find generally troubling is the failure of a great number of local authorities to produce a local development plan. A press release from the Prime Minister's office, published in October last year, stated that only 65% of councils had fully adopted them, and almost 20% of councils still do not have an up-to-date plan at all. I find this shocking as it makes a cohesive programme of development all but impossible. At the same time, it leaves those areas without a plan vulnerable to all kinds of piecemeal and often inappropriate planning applications which the local authority is unable to refuse. As my noble friend the Minister said in her opening remarks, Clause 132 gives the Secretary of State default powers in this respect, which I very much welcome.

I am grateful to the House Library for producing a Library Note which I found very helpful in enabling me to make some sense of this wide-ranging and complex Bill.

I agree with my noble friend Lord Young of Cookham —he is not in his place at the moment—who believes that this is the most important Bill in the gracious Speech. I wish it well in its passage through your Lordships' House.

7.21 pm

Baroness Whitaker (Lab): My Lords, the housing crisis, our badly stretched planning capacity and the desperate plight of the small minority repeatedly deprived of legitimate housing show that the Government are right to look for a new approach. Planning is essential to achieve the necessary numbers of homes, built to a decent standard. This is what I shall mainly focus on. I declare an interest as an honorary fellow of the RIBA.

I cite the views of Levitt Bernstein, a highly regarded architectural practice on the ground. In evidence given to the Bill Committee in another place, it said,

"that the emphasis is entirely on quantity not quality".

It is dismayed to learn that the Bill proposes bypassing the planning process so that standards for internal space, daylight, storage and outdoor space, for example—all things that make a home a decent place in which to live—can be dispensed with.

The Government want to ease the obstacles in the way of housing through permitted development rights. A new register of brownfield sites is welcome. However, as presently constituted, this runs a real risk of preventing planning authorities preserving, for instance, workplaces and their jobs, or cherished places of leisure which arguably contribute more to a local economy, heritage and sense of identity than piecemeal housing estates could. Homes must exist in a neighbourhood, and not be plonked in a developers' vacuum.

The Government have also attempted to deal with the problem of the slow pace of building through their zoning proposals. These essentially do away with the discretion which has enabled planning authorities to safeguard the particular attributes of individual neighbourhoods, as agreed in local plans. There is no safeguard, as in some of the European zoning systems, of combining this with substantial public investment which would follow the local plan. There has been little public debate about this fundamental change to planning culture or its implications for inclusiveness.

The proposals to reform the system of compulsory purchase are a welcome first step, but they should go further. The system has become cumbersome, partly because of encrusted case law, and it is hidebound by market value rather than the primacy of what the local community requires.

Most regrettably, as has been said on all sides of the House, the Bill would also enable local authorities to avoid their responsibilities to Gypsies and Travellers. The difficulties for Travelling people—and this includes show people—are not new. The Labour Government enacted provisions obliging local authorities to include the specific needs of Gypsies and Travellers in their assessments of housing need. Although the authorities were sluggish, to say the least, in fulfilling that obligation, at least the statement of what society expected was clear. This Bill proposes removing that obligation.

Homelessness among Gypsies and Travellers is currently at 20%. If the relevant clause goes through, this will increase. If not enough sites are provided, how can this small minority who travel and who have no authorised sites live legally? How can their children get to school regularly if they are constantly moved on? What about their needs for running water, toilets and refuse collection? How can their health—which is markedly lower than that of the general population—be maintained? Why should they have to accept the trauma of violent upheaval and the friction of local enmity?

This proposal has had no consultation. It offends against the public sector equality duty and, arguably, our obligations under international law. It will cause measurable harm, not least to children and to old and infirm people. In my submission, we do not have the right to force people to abandon their Travelling and Gypsy way of life, an integral part of which is living in caravans. The treatment of Gypsies and Travellers by the state is a stain on our reputation as a civilised country.

[Baroness Whitaker]

What is not in the Bill is an informed approach to what constitutes a place for people to live which enables them to thrive and prosper—in short, design. Instead, there are many provisions which short-circuit the design systems and none that I could see encouraging good design. Perhaps the Minister can point me to some. The obstacles to speedy and efficient planning procedures are, with very few exceptions, not in the planning system itself but in the capacity of the planning authorities to process it, and in their access to capital.

One of the many critical omissions is improving our struggling planning capacity. We need to revive the prestige, professionalism and status of the profession. The challenges of the post-war period led to the rise of some visionary planners, and we have some now, but they are thinly spread and their culture does not prevail everywhere. Outsourcing the planning function—which was not debated in the other place because the Government inserted the provision too late—is likely to compound the omission rather than remedy it.

In short, the Bill is far too unambitious about place-making. Proactive planning is essential to create real, safe and secure neighbourhoods where schools and clinics can be easily reached and work and transport are taken account of, where the amenities and leisure space, so important to well-being, are not out of reach, and where the needs of old age—upon us in increasing numbers—are properly and decently managed. The Bill has nothing to offer in this direction. Indeed, the incentives in it for hasty volume building will make the task of place-making harder.

In this Bill, the Government show indifference to what makes thriving neighbourhoods and to the civilised treatment of minorities. We shall have work to do in Committee.

7.29 pm

Baroness Valentine (CB): Over the past decade, house prices in London have doubled, while private rents have increased by more than a third. But prices are the symptom, not the cause. The problem, as we all know, is that supply is not keeping up with demand. London is expanding by a population the size of Birmingham every decade.

It is a Conservative Party mantra, evidenced in this Bill, that home ownership is good. And lest I be thought to be knocking the Government, I should stress that I wholly support an aspirational culture that encourages people to climb the economic ladder, challenging the mindset that says you have to remain impoverished, whether by facilitating starter homes or encouraging the right to buy. But let us face it, having homes classified as starter, social or affordable is not the point. Housing will remain rationed while we fail to build enough, and we are simply talking about who gets first dibs while the underlying price keeps going up. If we take starter homes in London, Shelter has estimated that you would need to be earning £75,000 to afford a mortgage on a starter home. The average London salary is £28,000.

As chief executive of London First—and I am on the board of Peabody Trust—we are so worried about the lack of housing in London that we have launched a new campaign, Fifty Thousand Homes, which will seek to hold the new mayor to account on not just talking about doubling housebuilding, but doing it. We will solve this crisis only by turning on all the policy taps at once, whether that is availability of land, allowing councils to borrow or supporting housing associations.

Let us look at the consequence of the Government's approach. First, they seem to be very free with other people's assets. After many shenanigans, the housing association right-to-buy scheme has become voluntary, but the poor old local authorities have to sell assets to supply the discount. And then they still have to build two houses for one in London. I would be interested to see the audit trail on whether these two-for-one houses end up being net additional. Perhaps this is something the National Audit Office could investigate.

Furthermore, the amount of social housing under Section 106 agreements will potentially reduce to subsidise starter homes, thus providing no net benefit. When it comes to housing associations, I quote a Moody's announcement of July last year:

"Sector outlook turns negative due to adverse policy decisions",

which followed the announcement of the 1% annual reduction in social housing rent. This makes it more difficult for housing associations to raise the money they need to build the homes we want. The Government are, though, right to put more pressure on public bodies to sell off underused land for housing. The Bill before us introduces a requirement for public bodies to prepare reports of surplus land, which I welcome. However, it needs to go further.

Given what a complicated business getting housing built is, I believe that local government, in the form of the Greater London Authority for London, but also in Birmingham, Manchester and elsewhere, should be significantly empowered to make the complicated judgments between starter, market, affordable and social housing, and should be given the role of taking this land to market, with the right conditions on it. The Chancellor introduced the London Land Commission last year. All cities with housing shortages should have their own land commissions and the surplus assets should be passed to these cities, which know best how to provide housing for local needs.

Speed is critical. Round the corner from me, Putney Hospital closed in 1999. It took 11 years before the council bought it, in 2010, with the intention of building a school and flats. Demolition did not begin until 2014—15 years after the closure.

The Government need all the help they can get in increasing housebuilding, including making sure we have the skills to build. No one participant can solve it. I encourage the Government to do all they can to make friends with people who want to help them solve the problem. I cannot say that that is where current policy has led them.

7.34 pm

Lord True (Con): My Lords, I declare an interest as leader of a London borough council, but one that, after a large-scale voluntary transfer 15 years ago, is no longer a direct provider of social housing—something I sometimes regret.

I want to make one general point and then raise a few concerns for Committee. That may give the impression that I am negative, but I make it clear that I think there

is a lot of good in this Bill. I certainly do not share the views of those opposing the right to buy. Certainly, there are points of detail to look at in Committee, including how you ensure replacement, but we should not stand in the way of aspiration.

My general point takes a slightly different tack from the noble Baroness who has just spoken. We all speak of a housing crisis, particularly in London. I do not demur from the need to build. However, too few of us ask the prior questions. We talk about supply but not about the causes of demand. What factors are stoking soaring asset prices and growing demand? I believe that building sustainable and integrated communities, which is what we need, means local consent. We have just heard that London's population is fated to grow by a Birmingham a decade, and that it may soar towards 11 million in less than 25 years. Parts of central London are already being hollowed out, as are some rural areas, as we have heard. At the same time, the prolonged artificial depression of the cost of borrowing risks promoting an asset price bubble, which is driving the truly and sustainably affordable ever further away.

With the leaders of five other south London boroughs, I recently attended a presentation from our chief executives pointing to the upper-end projections for population growth—feasible projections, which you can find in the graphs—reaching more than 13 million by 2050. That could mean, on the chief executives' estimate, 200,000 more homes in south-west London by 2050, or two to two and a half boroughs the size of Sutton or Kingston. Such population and housing growth would irreversibly change the character of many parts of London. I do not mean in terms of people—before the snickerers come in—but in the quality and character of public services and the built environment. Where will we find the transport, health provision, schools and, indeed, the open spaces to support that growth? Too many policies seem to require no provision for that.

Do Londoners actually support a surge to an international megalopolis with building on demand? Is it not high time that we had a debate about this to see whether we can secure consent for an end? If we first agree a sustainable future, then we can create the housing, social and financial policies to match, and make it possible. Once we have consent, we could more easily deliver the homes. By the way, I agree with my noble friend Lady Hodgson that good design—and, from that, planning—has a great part to play in securing consent.

I support starter homes, although I shall be interested to learn in Committee whether it was a Minister or a civil servant who left the question mark in above Clause 2. Your Lordships have rightly asked whether we could see more of the draft regulations. We certainly need clarity about the relationship between starter homes —good idea as they are—and affordable obligations. Why are developers spared obligations to contribute to infrastructure? What is the social case for that?

On planning, I object to yet more powers being given to the Mayor of London to overrule local democratic determination. Recently, I met people from a community group who had worked for years with our council to create a brief for sustainable development in an area of our borough with schools and other facilities, but who are terrified at the prospect of staff from a remote City Hall intervening with scant knowledge of local needs and aspirations. I would like to test the rationale for Clauses 133 and 135. I personally believe profoundly in localism, so it is disappointing to me to see more centralism. I wish councils were not always put on the spot and blamed. Why can councils not challenge public sector bodies that refuse to develop? I should point out that I might name a few names in Committee. And, after all our debates, why does the department persist in a one-club formula for neighbourhood planning? My own authority has had a plan since 2008. We are implementing local village and community plans, adopted after local consultation, and local people would strongly object to the imposition of the bureaucracy of Part 6 of the Bill to replicate or replace adopted village plans. Please sanction or permit councils that are actually doing local community planning to do it.

On exemption, I will be tabling amendments to allow councils to opt out of a damaging policy of automatic arbitraging of office value to residential without planning control. Dozens of small businesses in our borough are being tossed out by developers, as we speak, as a result of this policy. I urge my noble friend to listen on this point. In conclusion, I also ask her to consider allowing councils to recover costs on planning fees. I am grateful for the words I have had with her on this. Subsidising developers in this way cost taxpayers tens of millions a year across London alone. I find it potentially attractive to attach an amendment to Clause 141 but, knowing my noble friend, I am sure she will be able to meet us. She and the Secretary of State are good listeners. Her love and knowledge of local government comes out in everything she says. I hope that, with the help of Ministers and this House, we will make a very important Bill even better.

7.41 pm

Baroness Blackstone (Lab): My Lords, I declare an interest as chair of the group board of the Orbit housing association. We are facing a housing crisis and legislation is certainly needed to help resolve it. Sadly, this Bill falls short in so many ways, forcing the conclusion that when it is enacted and its provisions have been implemented or, in some cases, fail to be implemented, we will still have a housing crisis.

At the centre of our problem is a staggering failure to respond properly to our increasing population with anything like a sufficient increase in the supply of housing and, in particular, of housing which can be afforded by people on medium and low incomes. There is not enough accommodation, especially in London and the south-east, and the prices charged, either for home ownership or for rented houses, are unaffordable for families as well as many single people. The housing market simply is not working and families are forced to pay far too high a proportion of their earnings for accommodation, leaving them with too little to spend on other basic needs, especially in the case of families on low incomes who have children.

A growing proportion of the population has been forced to rely on privately rented accommodation with little security of tenure and often of poor quality. In one of the world's richest nations, it is shameful that the basic need to be properly housed is not being met

[Baroness Blackstone]
for a significant proportion of our population. In order to mitigate this problem, the Government are now shelling out £24 billion per annum on housing benefit, which has increased by £4.4 billion just since 2010. How much better it would have been if most of this enormous expenditure had been on tackling housing supply by building new homes. Having done so little in the previous Government to improve housing supply, this Government have now realised that a huge increase in new homes is required. They have set targets that few believe they will achieve and brought forward this Bill in support of these objectives. I congratulate the Government on addressing the supply of housing, but can only express great disappointment that their ideological commitment to home ownership has led them to abandon developing the provision of social housing for rent. Indeed, this form of tenure will be seriously harmed by the Government's proposals. It is this issue on which I will now focus.

Before doing so, I want to welcome two or three aspects of the Bill. Like other speakers, I am pleased that there are clauses in Part 2 to deal with rogue landlords and property agents. These unscrupulous people cause untold misery for their tenants and reining them in is long overdue. I also welcome the decision to require the registration of brownfield sites, the decision to speed up compulsory purchase and the proposals on self-build and custom housebuilding.

There is, of course, a good case to be made for helping first-time buyers to purchase a home. Far too many young people are now forced to continue living with their parents into their 30s and we should make it easier for them to fulfil their aspirations to have their own home. However, the Government are profoundly wrong to put so many eggs in the starter home basket as set out in the Bill. I say this for two main reasons. The first is that the starter home clauses will provide subsidies for relatively well-off buyers, many of whom would purchase their homes without government help. The second is that the proposals will lead to a decline in social housing for rent so desperately needed by so many people who will never be able to afford to buy their own homes. As such, it is an indirect attack on the poor in favour of much better-off people, which can only further increase inequality in our society. The Bill does little if anything for those on council house waiting lists, where they have often been languishing for many years.

Why does this Bill create a situation where Section 106 requirements are lifted in new developments for starter homes? Why is so much more being done for one group with housing need and so little for others? Surely there should be a mixed economy in housing where more homes for social rent are provided as well as more homes for owner-occupation. I hope that the Minister will not reply that the Government are redefining affordable housing to include starter homes as an explanation for what will happen to Section 106. To do so is to make the concept of affordable homes utterly meaningless.

There is an even greater risk for maintaining the availability of social housing in the proposals for extending right to buy to housing association properties. To pay for this by forcing the selling of high-value local authority housing hardly plays to the Government's pledge to devolve decision making. It is, in fact, an unscrupulous assets grab. These homes are not luxurious penthouse properties. They are often quite modest family homes which are valuable because they happen to be in high-demand areas. Forcing their sale will mean that council tenants will often have to move out of their community, and any social mix in the areas where these houses are located will disappear. The Government's claim that there will be a two-for-one replacement of the expensive council houses and the sold housing association property in London is simply not credible. Will the Minister tell the House how the Government will monitor progress in replacements for these sales? Will she assure us that the Government will come up with an alternative system for paying for the right to buy in housing associations if they fail to meet their replacement targets in London and elsewhere? Nothing in the history of right to buy for council properties can give any confidence that social housing will not be greatly depleted as a result of the clauses on right to buy. For example, between 2012 and 2015, the 32,500 council properties sold were replaced with merely 3,500 new homes.

I also want to challenge the Government on the pay-to-stay provisions in the Bill. This is a further attack on the freedom of local authorities: 34 new powers are given to the Secretary of State. Councils already have the power to charge higher rents to those tenants whose incomes have gone up. The Bill forces them to increase rents on a pre-tax income of £30,000 outside London and £40,000 inside it, and then allows the Treasury to pick up the takings. Income thresholds of this kind do not take account of household needs, such as the number of children in the family. It is also highly likely to be extremely bureaucratic and cumbersome to administer. It hits middle-income tenants, while asset-rich owner-occupiers continue to benefit from unreformed council tax bandings.

Finally, the denial of long-term security of tenure to council tenants will cause unacceptable hardship and insecurity and further threaten the stability of communities. In key respects, the Bill is both punitive and inept.

7.49 pm

Lord Foster of Bath (LD): My Lords, I congratulate the noble Lord, Lord Thurlow, and my noble friend Lady Thornhill on two excellent maiden speeches.

As we have heard from many people in this debate, we simply have not been building enough houses and yet we need to build around 300,000 a year. The coalition Government took some important steps; for example, scrapping the regional spatial strategy and speeding up the planning process by scrapping some 1,000 pages of central policy. Noble Lords may be interested to know that for a period I was a junior Minister at the DCLG and played a small part in one or two other important measures, such as bringing empty houses back into use. In that regard, I welcome the Bill's proposed changes to the process for compulsory purchase. I also welcome the introduction of neighbourhood plans. I am delighted that already 1,600 neighbourhood plans have been adopted or are in production, and I welcome the measures in the Bill to speed up and simplify the process. There are

also measures supporting self-build and custom build, so helping hard-pressed small building firms, which, again, I welcome. I am pleased that the Bill strengthens measures cracking down on rogue landlords.

However, some of the measures of the previous Government, such as the bedroom tax, may have been right in principle but were wrong in detail; for example, seeking to levy the tax on people where no alternative smaller property was available in the same area. That is what I believe is wrong with many aspects of this Bill—often right in principle but so very wrong in the detail.

Few of us would challenge the idea of promoting more starter homes. We certainly need more homes for people to buy, just as we need more social and private houses for people to rent. But the starter home provisions are riddled with problems. The starter homes that the Government have in mind will not, however much they try to change the definition, be affordable to families on ordinary incomes. That has been clearly demonstrated by the figures from Shelter that we have all received. They will simply be out of reach for most middle-income families needing help to buy a home. The worry, therefore, is that these homes will be bought by people with far bigger incomes, not in need of help and not necessarily even local people. The people who will benefit most will be those who need help the least. As the plans stand, they will then be able to sell the property after five years and make a huge profit, and a so-called affordable home will have been lost.

With developers exempted from paying a community infrastructure levy, the planned 200,000 starter homes will place additional pressure on local schools, roads and other infrastructure, creating an additional, unfunded burden for already hard-pressed local councils. Worse, these starter homes will be built instead of, not as well as, the affordable homes that would previously have been required to be built under Section 106 agreements. Given that there has been so much attention tonight on the importance of local plans, one wonders how local councils are going to be able to plan, as they are currently required to, for mixed housing types and tenures to provide the sorts of integrated communities that the noble Lord, Lord True, referred to. If implemented, the Bill could see the end of genuinely affordable housebuilding in this country as the planning obligations which have delivered 250,000 truly affordable homes for purchase and rent over the past 10 years are abolished and replaced with a starter homes-only obligation. As the noble Lord, Lord Kerslake, said, social housing is being written out of the script.

Another area where the principle is right but the details are wrong is the right to buy housing association properties. Some of my noble friends may be concerned about this but I am not opposed to right to buy. Indeed, it was the Liberal Party back in 1947 that first proposed right to buy. But the details matter, such as ensuring at least a one-for-one replacement, where there is a need, in the locality of the sold house. I am pleased that the originally proposed compulsory scheme requiring all housing associations to offer right to buy has been replaced by a voluntary scheme. However, it is of great concern that part of the funding for it will come by requiring councils to sell off vacant high-value council houses, and to do so with no like-for-like replacement and certainly not in the area where they are sold. The National Housing Federation, which negotiated the voluntary scheme with the Government, does not agree with this means of funding it. The London Chamber of Commerce and Industry says it is likely to lead to a reduction in housing for those on low incomes. The independent Chartered Institute of Housing goes even further, saying that this measure could mean the loss of 195,000 genuinely affordable socially rented homes in the next five years. It is deeply worrying.

There is much else to be worried about, including: the failure to address the need for tougher "fit for human habitation" rules; the lack of consultation on many of the measures, including the 60 pages of new legislation laid at the last minute; the centralisation of decision-making, with more than 30 new powers for the Secretary of State; and the absence of much detail, with many measures to come through regulations, many of which have not been seen and, worryingly, may not be seen even before we complete our deliberations in this House.

As I have said, there are measures in the Bill that should be welcomed. But far too many, such as those I have already mentioned and others, such as the threshold for pay to stay or the application of permission in principle for rural sites, require far more detailed consideration before they should be allowed to pass your Lordships' House.

7.56 pm

Lord Best (CB): My Lords, at the Bill's next stages I look forward to joining debates on starter homes, self-build and custom housebuilding, rogue landlords, right to buy, sales of vacant council housing, rural housing, pay-to-stay rent increases, planning, CPOs and more. Tonight, my six minutes must concentrate on the principal, overarching housing strategy that the Bill seeks to take forward.

The housing strategy has two admirable goals: first, to increase significantly the number of homes built each year in response to acute shortages, with a respectable target of 1 million extra homes over the life of this Parliament; and, secondly, to enable many more households to become owner-occupiers, with a more level playing field between first-time buyers and buy-to-let landlords. These are two worthy aims and I commend them both. The problem is that they exclude support for hundreds of thousands of households, with 70,000 out of a total of 240,000 new households formed each year not being able to take advantage of the new opportunities to buy. Lots of people, particularly in London and the south-east, many with good jobs, simply cannot afford to buy, even at 80% of market value. These will be the losers from a Bill that makes the home-ownership option effectively the only game in town.

Worse, the Bill not only does so little to enable new housebuilding for those on below-average incomes, it actually reduces the existing stock available to those who cannot buy. To a large extent, it is these less affluent households that will pay the price for measures that help people who are better off than them to buy a home. The Bill robs Peter to pay Paul, even though

[LORD BEST]

Peter starts off in a worse position. The biggest winners are those who were going to buy anyway and now get substantial financial benefits—for nothing.

In three ways the Bill seeks to achieve its ends by taking resources away from those who are not going to be able to access home ownership. First, in relation to the building of new homes on practically every site in this country, the Bill is proposing that the mechanism of planning gain—the placing of social obligations on housebuilders through planning agreements—switches from requiring affordable housing for rent for the least affluent to requiring starter homes for sale for those who are better off. Councils will be ordered to demand these homes for sale, even if the local authorities' market analysis and housing needs assessments show that in their area the real need is for affordable housing for rent.

The second way in which the Bill would help potential homeowners but at the expense of those who are in no position to buy is through the replacement of the housing association rented homes that are sold under the voluntary right-to-buy arrangement with homes for sale. Over the years ahead this measure would gradually see the loss of many thousands of existing rented homes that would otherwise have come available to be re-let to poorer households.

There is a third way in which the Bill helps home ownership, but at the expense of affordable renting. This is in the requirement for local authorities to sell their higher-value homes when they become vacant, instead of re-letting them to a family desperately waiting for one. These homes are to be sold on the open market: in London, no doubt, often to overseas buyers. But funding constraints will not make it possible for their one-for-one replacements—or assuming that it really can be achieved, two for one in London—to comprise similarly affordable rented homes, let alone in the same locality. I am thinking here not only of London boroughs but of most rural areas.

I understand that the Government are expecting 100,000 affordable rented homes to be built over the next five years, out of the total of 1 million new properties. This would leave 50,000 of the additional 70,000 lower-income new households formed each year with no new housebuilding for them. They would have to join longer waiting lists for re-lets in the council and housing association stock diminished by the Bill. I just do not know where these households are meant to go.

Neglecting the needs of less well-off households is not only a huge problem for them and for localities, which need a workforce who cannot all be homebuyers; it will also prevent the Government achieving their goal of 1 million homes to be built between 2015 and 2020. Putting 90% of the eggs in the one basket of home ownership—I think that eggs in baskets have now cropped up four times tonight, for which I apologise—means that the country becomes dependent on the single stream of new housebuilding for sale. But housebuilders will build for home ownership only at the speed at which people buy, whereas the subsidised housing of councils and housing associations can be built outside those constraints. It is the contribution of these two streams of housebuilding in combination that can achieve the Government's target—as history shows us.

If only the Government could be persuaded to boost the supply of affordable homes for rent as well as giving more help to first-time buyers, we could really get on top of the dire housing situation that faces the next generation. However, if austerity policies forbid the necessary investment at this time—despite the opportunities that low interest rates currently create—then at least the division of available resources should give as much priority to ensuring a decent home for those not in a position to buy as for those who can.

8.03 pm

Lord O'Shaughnessy (Con): My Lords, first, I apologise to my noble friend the Minister for missing the first moments of her speech. I thank the House for its generosity in still allowing me to speak. I am deeply grateful for your Lordships' tolerance of a "newbie", in the words of the noble Baroness, Lady Thornhill. It will not happen again. As a newbie, I also congratulate the noble Baroness and the noble Lord, Lord Thurlow, on their excellent maiden speeches. Clearly they will be great assets to the House and are not going to mince their words.

The arrival of the Bill before Parliament is a landmark moment and reflects the welcome importance that the Prime Minister and Chancellor have placed on housing. The Conservative Party manifesto—on the back of which, it is worth remembering, the Government won a majority—pledged:

"Everyone who works hard should be able to own a home of their own".

What more commendable goal could there be for the Government, when that is the aspiration of almost every family? That has been doubted by some in this debate but we need only to look at the fact that three-quarters of 65 to 74 year-olds own their own home to realise just how much people aspire to this over the course of their life.

This goal is more important than ever because, as many noble Lords have mentioned, we suffer a housing crisis in this country. In the 1980s, housing completions were at 180,000 a year but the rate over the last decade has been only 133,000 on average. At the same time, the population has been growing much more rapidly and household formation suggests that we need at least 250,000 homes a year just to keep up—and we are already lagging terribly behind. The overall floor space of our new-build homes is shrinking, and is now the third lowest in the 28 EU countries. There is a critical intergenerational factor, too, with 700,000 more 20 to 34 year-olds living with their parents. The main reason for this is simple affordability. In 1997, the average London house price was four times average London wages; today it is 11 times. The effect of this has been to reduce home ownership from 71% in 2003 to 63% today. The dream of a property-owning democracy is becoming harder to achieve, especially for the young, and that is not a situation that we can allow to continue.

The Government are rightly taking a twin-track approach to solving this crisis in looking at how, first, to divide the current housing stock more equitably and transfer homes into ownership and, secondly, at how to increase the flow of new homes much more dramatically. It is this latter issue, covered in the planning sections of the Bill, to which I will speak. As the noble

Baroness, Lady Valentine, and others have said, there are a number of welcome measures that will help increase supply. The clauses relating to self-build can unlock a real housing revolution in this country, moving the market away from one dominated by large housebuilders to one that encourages individuals to meet their own housing needs. This self-build model is very common in Germany, for example, which has also avoided many of the problems in the UK housing market from which we suffer.

Some questions remain that I hope the Minister will address in Committee. Local authorities will be required to hold a register of people who want to do self-build and then grant sufficient planning development permissions on serviced plots of land. Who will pay for those plots? Will local authorities have a duty to advertise the scheme? How quickly will they have to respond to demand? In urban areas, where undeveloped plots are rare, will the Bill enable people to come together to create self-build blocks of flats—the only way this can work in what is ultimately a very urbanised country?

Neighbourhood and local plans have been another successful innovation of the Government, but they clearly still depend on parish or other local bodies to request that an area be designated as such. Again, what about urban areas, where these kinds of hyperlocal fora are less common? What will the Bill do to make sure that local authorities in cities and towns ensure there are suitable organisations that can support the creation of neighbourhood plans across the country?

The proposals for permission in principle offer the opportunity to speed up the planning system. Several noble Lords have said that the planning system is not to blame for the crisis, instead pointing to the number of permissions in so-called land banks, but this is a red herring. Any provider of a good or service needs a supply of raw materials to create their product, and when the process of building a home and getting permission is so slow, it is no wonder that these land banks emerge. If the planning system were quicker, the land banks would be smaller, and that must be our aim. I would like to explore how the combination of the brownfield register and permission in principle could make sure that homes get built more quickly.

Finally, as some noble Lords have pointed out, there is one essential item missing here: the beauty of the built environment. Residents are much more amenable to new homes if they conform to the aesthetic norms of the area, yet this is one policy area on which planning authorities have almost no influence. A trade-off between allowing more freedom to build homes and giving authorities more powers to ensure local design principles are met might be one way to deliver the homes we so desperately need. I warmly welcome the work of my noble friend the Minister on the Bill and look forward to helping her make it even more radical, so that it meets our shared goal of increasing home ownership.

8.08 pm

Lord Bassam of Brighton (Lab): My Lords, I realise that it is rather unconventional for an opposition Chief Whip to speak in a legislative debate. On this occasion, however, I find the issue at hand too important not to say something. I shall make a stand by telling a personal story, which in turn makes a political point.

As a child, you wonder and worry about change. Sometimes it terrifies, sometimes it worries and sometimes it brings relief. I grew up in a pretty village halfway between Colchester and Clacton, called Great Bentley. My mother Enid proudly told me from an early age that it was mentioned in the Domesday Book, but more significantly that it had the largest village green in all of England. Enid was a housekeeper and a cook—probably the last live-in servant in the village. Live-in servants, as watchers of "Downton Abbey" will have observed, were vulnerable to the whims and lives of their patrons. After five years of working for the Franks family, Commander Franks unfortunately died and the big house in which we had been given rooms had to be sold. In short, we were homeless.

For the next three years, the cosy certainties that I had become accustomed to as a small child seemed to have gone. My mother was a resourceful woman, and as I discovered over time, she had a plan, which involved using her limited savings to buy, for the princely sum of £250, a small cottage, which she then had work done on while friends put us up. The plan was also to turn her independent spirit into a romance, which in time saw her married when I was just eight. Marriage, however, brought a dilemma: my mother owned a home and her husband was a council tenant. But she moved in with him and we made the council bungalow our home too. It had many advantages over our cold cottage: it was well repaired, had hot running water and electricity, and was not hard to heat. Best of all for the younger Bassam, it had a television.

Sadly, my mother's happiness in finding companionship did not last long. Her partner had led a hard life, including fighting in the trenches of the First World War. It all caught up with him and he died at just 66. Luckily, the local authority passed the tenancy on to Enid, and for the rest of my years living at home, we shared a life on De Vere Estate—something unimaginable under the Bill we are debating here today, where councils would only be able to offer two to five-year tenancies.

Typical of most council estates in the 1960s, De Vere Estate provided good-quality housing for working-class families to a standard that previous generations could only have dreamed of. Our neighbours worked on local farms, in engineering companies and at the Colchester Co-op, or did part-time work in local school canteens and factories. There were plenty of builders, carpenters, railway workers and even a couple of dustmen. The estate had 50 houses on it. Most households worked hard, few complained and all but a handful read the *Daily Mirror*.

Many of the measures in the Bill will undermine the sort of progress that that generation enjoyed, not just through the general loss of security or the reduction in affordable social housing but through the loss of community. On De Vere Estate, I came to know most people who lived close by. I went to school with their sons and daughters, played in the village football and cricket teams, and delivered their daily newspapers. Like most on the estate, I failed my 11-plus—not for want of trying, I hasten to add, and as I had to explain to my mother—but later on I did well enough to get the grades to go to university.

[Lord Bassam of Brighton]

What political conclusions do I draw from all of this? Put simply, the Conservative Party in the immediate post-war period was as committed as Labour to the development of local authority housing. De Vere Estate started under Bevan and was finished under Macmillan. Some of its builders lived in the homes they built. De Vere provided a stable community and good housing at reasonable rents. There were bungalows for older residents. Tendring District Council was perhaps not the best of landlords, but it did repairs, collected rents, helped in bad times and housed those in most need. Local people seemed to get priority in lettings, and families were helped to stay close to one another—something Labour will continue to push for with the Bill, including through like-for-like housebuilding in local areas when social housing is sold off.

De Vere Estate was successful social engineering, albeit on a modest scale. Sadly, all of this began to change after the introduction of right to buy. The De Vere tenants were not daft and saw a bargain when it was offered. Some I know, including my mother, were not happy but took a punt because it made financial sense, even if it did not help future generations. They reckoned that at least they could pass their homes on securely. Some of my contemporaries still live in the homes their parents lived in, but many now also view their estate as providing someone else's profit rather than a home. I doubt that more than a handful of council tenancies still exist.

I owe my De Vere Estate upbringing a debt of gratitude. Life was hard, but there was fairness and a community solidarity to it—far removed from the Government's proposed policies of moving tenants on after four, five, three or two years perhaps, limiting tenancies to low-income bands, charging ever higher rents and focusing solely on home ownership at the expense of truly affordable housing. All of that will be—indeed is—socially divisive. It will stigmatise families and be another nail in the coffin of the post-war settlement that helped people get on in life—aspiration—and provided a degree of security. I take the view that we should resist these changes as robustly as we can. If we do not, we will regret it, and young people will ask in future how on earth a Government could get away with such a grand theft of the public realm.

8.15 pm

Lord Palmer of Childs Hill (LD): My Lords, shortage of housing is largely due to the slowness of developers in bringing land into use. I hope the Minister, when replying, will deal with the problem of large holders of land for development, often with full planning permission, who are slow to develop the properties.

Are there any examples of developers developing for sale on a single site of more than 150 homes per annum? I understand it is said that you cannot sell out a large site due to the absorption problem of sales of 100 to 150 per annum. This does not happen, of course, on small sites. You can see their logic: it is about being certain of sales and keeping up the price of their built stock. We need the Bill to tackle how to make it uncomfortable and unprofitable for hoarders of housing land. Without these actions, all the smooth words will not deal with our shortage of accommodation. Developers build to demand; they do not build and then find demand. Developers will have seen two or three downturns and other developers go bankrupt. In that climate, I reckon that few will rise to meet the demands.

It has been reported that the four biggest companies in the industry in this country account for more than 450,000 of the plots. It is not that they have insufficient funds: they are sitting on £947 million in cash and declared or issued more than £1.5 billion in payouts to shareholders in 2015. It was further reported that the nine housebuilders in the FTSE 100 and FTSE 250 hold 615,152 housing plots in their land bank. This is four times the total number of homes built in Britain in the past year.

How are the Government going to address the scandal that our biggest housebuilders, the ones I mentioned, possess enough land to create more than 600,000 new homes? This is not a scenario that will provide 300,000 units across the country, or the 63,000 said to be needed in London.

The theme running through the Bill is to make everyone homeowners. Not only is this impossible, not only are there vast numbers of people in London who will never be able to afford a £450,000 starter home; the Government, in describing unaffordable starter homes as affordable housing, are guilty of a dereliction of duty to provide social rented housing. The description of "affordable" reminds me of the words of Thucydides, writing about the Peloponnesian war:

> "To fit with the change of events, words, too, had to change their usual meanings".

Thus, the Government are driving a coach and horses through what has been and is the true definition of affordable housing.

Other noble Lords have spoken about the interaction of starter homes and Section 106 contributions to affordable housing. I hope the Minister will elaborate on how they will interact. Surely the discount on starter homes should be more permanent, as other noble Lords have mentioned.

The Government are apparently convinced that home ownership is good but home rental is bad. Not everybody wants the permanence of home ownership, which by its very nature harms the economy by making the labour force less mobile and less likely to move to work. London has always been a city where rich and poor live close, or fairly close, together, which is the strength of mixed communities. I have heard it compared recently to Paris, where poor people are in the banlieues on the outside and richer people live closer to the centre.

What is needed in the Bill is incentives against land banking by developers, enforcement of expiry dates for planning permission and, on renewed application, no certainty that planning permission will be granted. Many developers think that even when their planning permission expires, they can come back for renewal. I have sat on a planning committee, and the planners say, "Oh, well, they were given permission a year or two ago. You therefore have to agree to renew their planning application", because the objections were always overturned at the time. That is what developers do: they sit on the land until the price of property goes up,

while there are not enough houses in this land. If none of that forces land into development, we need an annual land tax on undeveloped land so that it becomes unprofitable not to build the homes that we need.

Other noble Lords have talked about the lack of published regulations relating to the Bill. I suspect that that is because they have not even been written yet. It is a disgrace to bring a Bill to this House at that stage. This Bill fails on many fronts, and a lot of work needs to be done on it in Committee.

8.20 pm

Viscount Eccles (Con): My Lords, perhaps I should start by declaring a non-party interest. I live in a rented house in north Yorkshire. I have lived in the house for 46 years, and the lease expires when I am 107. So I am one Member of the House who is not hooked on ownership.

Listening to this debate, one thing is absolutely clear. We are all agreed that there is a massive failure in the housing market, that we are building approximately half the number of new homes a year that we need and that the increase in the number of households is likely to continue, for one reason or another.

In those circumstances, there is no room for ideology or a single solution. It should not be a party political matter; we need a big tent in which everyone who has a contribution to make can make it, in order to get supply a great deal nearer to demand. How many of the problems that we have been discussing today would solve themselves if supply was much closer to demand?

In the time remaining I want to concentrate on starter homes, the seven clauses of Part 1 and the scheme that is in them. It illustrates a fundamental lack of thinking and decision-making in this very difficult situation. The scheme provides a 20% subsidy, effectively, which will of course affect the whole market for owner-occupied houses, and many points have been made about that. It will affect all the players in the market.

In our proceedings so far, the effect of that subsidy has been approached very cautiously. In Committee at the other end, lots of doubts were expressed about what would be the unintended consequences of supplying starter homes on the very sketchy terms set out in the first seven clauses. Indeed, I think it would be fair to say that the conclusion of the other end was that the House of Lords has lots to do to clarify the position that might emerge from those seven clauses. They are classically a framework. Indeed, without three of the powers being described in draft—restrictions on sale and letting, the meaning of "first-time buyer" and the starter home requirement—it is very difficult to come to any judgment about the possible success or otherwise of the scheme.

This is, of course, not the end. There are six more powers to lay statutory instruments, some of them amendments for the future and some of them powers that will never be used. In addition, the Secretary of State has a duty to lay down guidelines. Finally, he has a power of direction. When the Delegated Powers Committee reports, I wonder whether this will be a record: nine powers, guidelines and a direction in seven clauses. As an ex-member of the Delegated Powers Committee, I am afraid this implies to me that the scheme has not been thoroughly thought through. This is going to make it very difficult for this House to come to a conclusion about the likely success or otherwise of this new form of home ownership, which seems—as has been said many times this afternoon—to have all sorts of onward effects on the rest of housing tenure which may not have been sufficiently thought through. I therefore hope that my noble friend the Minister will assure us tonight that we are going to know a great deal more about the starter home scheme than we know at present before we complete the proceedings on the Bill.

8.26 pm

Viscount Hanworth (Lab): My Lords, the Housing and Planning Bill is a most ill-conceived piece of legislation. It will do nothing to alleviate the housing crisis. It is certain to exacerbate the crisis and to increase the acute social divisions from which this country is suffering.

One might have expected the civil servants at the Department for Communities and Local Government to do a much better job with a housing Bill, notwithstanding their depleted numbers. However, civil servants no longer have the opportunities they once had to avert political folly—and, of course, this is not where the Bill originated. It originated from think tanks and special advisers affiliated to the Conservative Party. They have ignored the advice of experts in the field. The comments of experts now amount to a damaging critique of the Bill. Indeed, a former Permanent Secretary at the Department for Communities and Local Government, from whom we have heard today, has been among the foremost critics of the Bill.

One of the principal proposals of the Bill, which is to extend the right to buy to the tenants of housing associations, arose at a late stage in the campaign for the general election when the Conservatives felt far from assured of a victory. The proposal, which was to compel the sales of the properties of housing associations, was a reprise of one of Margaret Thatcher's policies, which was to compel the sale of council houses. Thatcher's policy seemed, at the time, to be a winning one, and Cameron's proposal may be regarded as the product of thoughtless desperation. As is the case with so much recent Conservative legislation, an extemporary pronouncement by the Prime Minister has committed others to the task of elaborating a damaging and dysfunctional policy.

In the minds of many in the Conservative Party, as in the mind of Margaret Thatcher, there is an aversion to the provision of council housing on account of its social connotations. This damaging attitude has extended to our system of town and country planning, which is indeed a legacy of the socialist movement. The Housing and Planning Bill inflicts further damage on our national planning system. Significant damage was inflicted in 2012 with the establishment of the new National Planning Policy Framework. A set of sophisticated and carefully crafted documents, which had provided policy guidance in many specific circumstances, and which had been developed and refined over the previous 25 years, was tossed into the rubbish bin, to be replaced by 50 pages of vacuous generalities.

[Viscount Hanworth]

The damage was compounded in subsequent Acts of Parliament, including the Growth and Infrastructure Act 2013, which established the option of bypassing the planning system in favour of applications made directly to the Secretary of State. The present Bill intends to strengthen such provisions. It also proposes to introduce competition in the processing of applications for planning permission in a way that would completely bypass the planning authorities. The destruction of our national system in favour of the administrative fiats of central government is bound to lead to chaos and confusion.

I turn briefly to a critique of some of the measures of the Bill. The original proposal relating to the sale of housing association properties has been buttressed by a policy for the forced sale of council houses in high-value areas and, generally, of homes that have a high market value. This will occur whenever a home becomes vacant, which will preclude its being used to house needy persons or families who have been on council waiting lists. The intention is to use the proceeds of the sales of council houses to pay for the extension of the right to buy to housing association tenants and to finance discounts granted to purchasers of so-called starter homes. The council will be compelled to remit the majority of the proceeds from the sales to central government.

The Bill declares an intention to monitor the progress of such divestments and to penalise a council if, in the judgment of the Secretary of State, the sales are not proceeding at a sufficient rate. The incumbency of council tenants with security of tenure poses a limit to the rate of divestment. This obstacle has led to a clause in the Bill that will compel councils to offer tenancies of only two to five years' duration to new tenants. Security of housing is a precondition of a stable and a prosperous existence, but such security is to be denied to the least prosperous members of our society. This policy threatens to do massive social damage.

The Bill no longer emphasises the need for affordable housing. Instead, it talks mainly of starter homes. These homes will be available to first-time buyers under the age of 40 at a cost to be limited to £450,000 in Greater London and £250,000 elsewhere. The Bill allows these, nevertheless, to be classified as "affordable" houses. As many critics have remarked, such prices lift the starter houses beyond the reach of the majority of persons of modest incomes and little capital. For those who can afford a starter house, the subsidy that is proposed will be a discount of 20% of the price of a home, which will be a considerable boon. However, there can be no justification for subsidising individual capital gains from the disposal of public assets. The availability of council homes for households in genuine need will be further reduced.

As we have heard, the Bill will lead to significant expenditure from the public purse, through housing benefit, to provide temporary accommodation in the private sector for households who might otherwise have been housed by local authorities. The starter-home initiative will do more to inflate house prices than to increase the supply of accommodation, therefore it will worsen rather than mitigate the current crisis of housing supply and affordability. Indeed, it is remarkable and almost incomprehensible that the Government should have predicated their housing policy on a succession of measures that can serve only to stimulate demand. They have offered few policies that are aimed directly at increasing the supply of housing.

8.32 pm

Lord Teverson (LD): My Lords, I will first declare some interests in that I am a landlord of a single premises. I hope that I am not a rogue one; I can provide references from my tenant. I am a chair of a company called Anchorwood Developments, which is developing a site in north Devon in co-operation with a social landlord. One of my other interests, which is not a declarable interest because I am not paid, is as chair of an organisation or group called the Rural Coalition, which includes a number of membership organisations such as the CPRE, the NFU, the CLA and about 10 other organisations which hold the rural area very dear.

If I could indulge the Minister on this, most of the members of those organisations are probably Conservative voters, so if she can imagine that I am speaking from behind her rather than in front of her, perhaps it will give her the right idea about what we are saying. While the Rural Coalition recognises entirely that this was put forward as part of the Government's manifesto, those organisations are collectively concerned about a number of areas, particularly around rural issues. I very much echo a number of the comments made by the noble Lord, Lord Cameron, and the right reverend Prelate the Bishop of St Albans.

I will mention a couple of statistics, which I am not sure have come out already. In rural areas, particularly communities which have populations of fewer than 3,000, the number of social houses is something like 8% of the total in comparison with cities, where it is about 19%. In terms of earning power and the ability to become an owner-occupier, the lowest quartile of earnings has to be multiplied roughly eight times to reach the average cost of a dwelling. So there are real challenges, and it is communities with populations of 3,000 or less that I am addressing in my comments this evening.

My first point is on right to buy. There is a real concern here that comes from the low proportion of affordable housing. I recognise that within the voluntary agreement a number of exceptions can be made in relation to rural communities, but the track record of one-for-one replacement—which the Government intend should take place, and I am sure everybody hopes it will—shows that it is incredibly difficult to achieve within a reasonable timescale, and it will certainly be very difficult to replace units of social housing in near proximity to the communities where the people already are. That is a real challenge.

A second concern on right to buy relates to where the properties end up. In the far south-west, within a 15-mile radius of my home, of which I am privileged to be the owner-occupier, there is a hotel on the coast that now has in its possession for use as accommodation a number of ex-council houses. That shows how things move on. There are a number of stories about how

council houses that have come under the right-to-buy scheme have become second homes. That is an issue when it comes to the ability of local people to use that housing stock. In Truro, members of my extended family have lived in sold-off council housing that is now buy-to-let accommodation. I agree that it is being used by local people but it is not exactly how we would like accommodation that was once social housing or part of the council housing stock to be used.

My second point concerns the high value of rural locations. The area where I live has a very attractive coastland. People like to spend their holidays there and we encourage that. There are a number of very high-value social housing units that would probably come under this legislation, with the real risk of the properties being sold and becoming either holiday homes or second homes, which would perhaps be used only over the Christmas period or during the summer for extended family holidays. That would contribute something to the economy but it would present a difficulty when there is a real housing crisis. We want to enable both those things to happen.

However, the biggest challenge, which has been mentioned by a number of noble Lords, is that of rural exception sites and starter homes. Of course, all of us who are owner-occupiers have gone through the experience of buying our own starter home, and therefore the last thing we want to do is to prevent other people and other families benefiting from that. But, again, there is a real affordability issue regarding starter homes as they are defined at the moment. Even with the discount, because of the ratio of earnings to house prices, it will be a real challenge for a lot of the people in those communities to afford those homes. There is also a real risk of crowding out affordable housing within an area.

In my village, six excellent community land trust properties are being built. The money paid for these sorts of developments across the nation is about £10,000 a plot or £100,000 an acre. But if people—farmers, primarily—believe that those properties are going to come on to the open market in the future, that source will absolutely dry up. Therefore, the way for the Government to meet the challenge of rural-proofing what we need to achieve in this Bill is, as the noble Lord, Lord Cameron, said so eloquently himself, to exclude those communities of 3,000 people or fewer.

8.40 pm

The Earl of Lytton (CB): My Lords, this is a monster of a Bill and I have a fair clutch of interests to declare, as have other noble Lords: landowner, residential and commercial landlord, one-time developer, and chartered surveyor with an involvement in construction management and development land. I am an immediate past president of the National Association of Local Councils, and a vice-president of the Local Government Association. As ever, my views expressed here are entirely my own.

Nobody doubts the need to tackle the housing shortfall or underestimates its pernicious effects. The questions, therefore, are on the mechanisms, the pace of change and affordability. There is a degree of bravery involved in this Bill, because there are many vested interests in continued high and rising residential property values. We should make no mistake about that. There is much money, loan security, speculative prospect, household equity and tax yield, not forgetting community benefit and infrastructure contributions, to be had out of this system. Housebuilding is an important industry and needs value growth. I view starter homes in that light, and it is clear to me that this is the brave new world of the owner-occupier and the almost certain and progressive attrition of the social rented housing sector. However, I simply note that there will always be those among the population who, for all sorts of reasons, require housing but will be unable to pay a commercial market rent or to obtain a mortgage to enable them to buy it.

Retaining funds derived from social housing sales for the purposes of building more has something of a chequered past. I recall that the proceeds of the Thatcher era sales did not inure for that purpose, despite political promises, and it was a Labour Chancellor who simply pocketed the fund for other things in about the year 2000.

Focusing on my own misgivings about the financial aspects of a one-for-one assumption by selling off social housing at a 20% discount, I understand that relief from the community infrastructure levy and Section 106 obligations, plus a cheaper form of construction, might close part of the gap. However, I observe that development viability is replete with price-sensitive variables, and there is a fair chance that even if one-for-one is achieved, this will result in homes that do not last, are small, cramped and badly arranged, in the poorest locations, and likely to underperform against the market generally. I would question the economic and practical wisdom of that.

I related very strongly to the comment made by the noble Lord, Lord True, about infrastructure. When I travel around and find burdens on local roads that have not been dealt with by infrastructure improvements, I know very well what is happening.

Rural housing has been mentioned by others. A couple of days ago, I spoke to the Exmoor National Park officer. I happen to have an estate in the Exmoor National Park, where average house prices to average earnings run at a multiple of over 14. Even the most basic form of new housing is outside the means of the typical rural workforce, as was alluded to by the noble Lord, Lord Teverson. Of course, second homes, holiday cottages and so on are part of that algorithm, as he mentioned.

I do not see a general tide of munificence coming in and providing affordable sites for replacements. If they are to be devoted not to society at large for long-term social good but to provide a one-off windfall for the first successful occupier, I do not see that happening.

A far larger proportion of our European neighbours' citizenry considers renting privately the norm, with very clear understandings about the respective roles and duties of landlords and tenants. Yet here in this country it has become a divisive football of party politics, in which old prejudices of landlord bad, tenant good, persist. If ever there was a time for cross-party consensus, this is it.

So although I very much support the measures against rogue landlords and their agents, I know several things. First, they will not be adequately policed because there are too few resources to do it; secondly, the honest

[The Earl of Lytton]
landlords and agents will be discouraged, while the dishonest ones will continue to flout the requirement; thirdly, careless tenants, of whom there is a number at least equal to that of rogue landlords, will use this to their own advantage with impunity. Here is my suggestion: how about a public online register of landlords and agents who are verified current members of an accredited body with a deposit and redress system so that would-be tenants can check them out in advance? Would that not be great?

On neighbourhood plans, the previous coalition Government made a fine job of devolving powers to communities but did nothing about creating resources and opportunities for the process to be financed. The National Association of Local Councils has consistently argued for community infrastructure levy regimes to be in place by the end of this year and for a greater proportion of that income to go to those parish councils that have successfully completed the neighbourhood plan process. Otherwise this Bill begins to look like a process of setting a task that cannot be completed and then invoking some sort of direct intervention when, predictably, nothing happens. We can do better than that.

I turn briefly to the changes in the compulsory purchase arrangements. I have spoken to the Compulsory Purchase Association and it assures me that, in the main, the changes are welcome. However, there is one anomaly—the occupier's loss that is paid to a tenant who is displaced on a compulsory purchase. This is disproportionately less than the freeholder's equivalent. It needs to be looked at.

Finally, I turn to the issue of housing delivery and small housebuilders, in particular, which is not covered by the Bill. These cannot construct houses at the same low cost that the large-volume housebuilders can achieve. It is difficult for them to tackle the upfront costs of the ecological and other investigations that add hugely to the pre-planning consent stage. These are upfront cash costs. Infrastructure costs are often more expensive for smaller sites. Finance houses will lend against the land asset but are much less keen to lend against a construction project for self-evident risk assessment reasons. It will be interesting during the course of the Bill to see what the Government think about how to deal with the question of small builders.

I generally welcome a lot of what is in the Bill and look forward to discussing it in Committee.

8.46 pm

Lord Selsdon (Con): My Lords, I feel I have gone back in time to Watford. When I first left the Navy I went to work in a factory there called Universal Asbestos, which was trying to get out of asbestos and into plastics. It was a great experience for me. I was then made a rep and my greatest triumph was managing to get "Workers' Playtime" at the factory. I then became a shop steward. I loved the idea of building things. I was no good with my toy bricks when I was a child but the whole idea of construction appealed to me.

At a very young age, due to a death, I arrived in your Lordships' House, where I have been for 52 years. I have been drip fed—I would have said originally by geriatrics—by wise men and something sticks to the skin. Construction and building are of great interest. I have looked at and been most interested in what you call regeneration. When I first met Michael Heseltine—whom I had some doubts about because he was a great showman, and I have always been nervous of showmen—we discussed the regeneration of docklands. My family had been in the shipping industry and used to ship people to Australia from docklands. With the ability to use tax allowances and to get clawbacks, the whole of docklands was regenerated. I spent maybe three or four years working there, backwards and forwards, being looked down on because obviously, being a Member of your Lordships' House, I had no real knowledge or experience and I was there only in name alone. However, we managed to do quite a lot and build things.

The greatest fun of all was working with the left-wing and right-wing councils on houses and accommodation, and looking at the ethnic variations in the East End and docklands and realising that all these were historic, coming from trade and such things. When finally we managed to get things done I thought that, as I chaired the Government's body for sport for Greater London and the south-east, we should have a sports arena. This caused tremendous problems but, in the end, with the aid of sports bodies, we built an arena and more houses. I finally left docklands and realised that, often with the use of tax allowances, it was the funding and the drive that got things going, and that is where I had a great respect for Michael Heseltine.

When you looked around the country at areas of decline, you thought, "How can these be regenerated and where will the wealth come from?". One looks at the various centres that have declined, and their history. The wonderful thing about your Lordships' House is that you can go into the Library and try to find a question that they cannot answer. I have failed every time: they always come back with a suitable answer.

We are considering regeneration and home ownership. The principle of home ownership has always been very important to me, but not necessarily to so many people. I hated the idea of renting something—as I had to do when I first came to London—so I went to see the owner and asked if he would sell to me. He said that I could not afford to buy it. So I then suggested that he lend me the money. He very kindly did, so I bought my first mews house.

When I later became a director of Gleeson, we were not as much into housebuilding as we would have liked, so we set out to find sites. I did not realise how difficult it was, in the construction industry, to find sites, because everyone was competing with everyone else and so the price rolled up. We then hit on the idea that we must do "affordable housing". I remember discussing, at one of the board meetings, what "affordable" is—surely that relates to the people who can afford it. We therefore started to look at low-cost housing and set up a housebuilding operation, which did not make an enormous amount of money. The important thing, however, was the principle of deciding who you were building for.

Now, with the shift in the pattern of inhabitants in the United Kingdom, and the number of people of all classes and levels of wealth who wish to come to,

work in and live in this great country, I feel that we are on the way up—but that hanging in the background is the realisation that we may have to take in more immigrants even than in the Victorian era. I wonder how we can cope with them. I would like to see some kind of master plan for housing and changes in estate duty that would enable people to pass on their properties to their children and grandchildren in shares, rather than have them start again.

I have enjoyed the debate today. I am not sure what the conclusions are. I am impressed by the vast number of people who have been here. I thank the Minister for her help and I hope that this will lead to something productive.

8.56 pm

Baroness Lister of Burtersett (Lab): My Lords, I cannot claim expertise in housing, but I was so appalled by the "pay to stay" and loss of security of tenure provisions that I felt compelled to contribute this evening.

After all, as we have already heard, housing is not simply about bricks and mortar; it is about people's homes and the security and rootedness that homes can provide. These provisions threaten that security and rootedness. Yet just two weeks ago the Prime Minister declared that this Government are all about security:

"Security is also what drives the social reform that I want this government to undertake in my second term. Individuals and families who are in poverty crave security – for them, it's the most important value of all".

Moreover, in his Christmas message he said:

"If there is one thing people want at Christmas, it's the security of having their family around them and a home that is safe".

These fine words are totally contradicted by this Bill. Instead, we are once more in this Government's looking-glass world, in which, following Humpty-Dumpty, a word means what the Government choose it to mean. Thus, "secure" tenancies will now be fixed-term—that is, not secure at all. What we currently understand as secured tenancies have become "old-style" secured tenancies: so 20th century. I cannot understand why such a significant measure was introduced only on the last day of the Commons Committee stage. It means that we have the responsibility to scrutinise it particularly closely.

Shelter warns that the loss of security risks introducing the worst aspects of the current private rented market—instability and churn—into council housing, with worrying implications for homelessness. I am also worried about what it is likely to mean for family stability, social networks and diversity, jobs and children's education, as well as for women who move to flee domestic violence, carers, disabled people and those with recent experience of homelessness, who need stability. I hope the Government will be open to exemptions for at-risk groups such as these.

In his speech the Prime Minister also talked about families on estates "behind front doors" building,

"warm and welcoming homes just like everyone else".

Indeed; and the Minister said that she hoped we would keep coming back to the word "home". But new tenants will no longer be able to invest their lives in warm and welcoming homes. Andrew Arden QC—I declare a personal interest as the godmother of his daughter Emma—has written in a forthcoming editorial in the *Journal of Housing Law* that, "the idea that a home is not for life is one that can only comfortably be sustained by those who know they will always be in a position to acquire a replacement. Taking away security is taking away housing in its long-term role as the essential base for a family, for security in its widest sense, the confidence to invest in" family and community "without fearing it will all be snatched away should the family fail to meet the criteria for a new tenancy".

The "pay to stay" provisions strike a further blow at that sense of security. They also drive a coach and horses through the Prime Minister's claim that "we are uncapping aspiration". I cannot think of a policy better designed to cap aspiration and undermine a key objective of universal credit. The consultation paper states that the Government want to ensure that the policy supports work incentives, but I fear that no amount of tinkering with tapers and multiple thresholds can avoid its disincentive effect, particularly for second earners, who as we have already heard are mainly women. How does this square with the Prime Minister's promise that,

"because the evidence shows that families where only one parent is in work are more at risk of poverty we are going to back all those who want to work"?

That is some backing.

I am sure we will explore in Committee the many technical problems that are likely to arise from devising a fair new housing means test based on taxable income in the previous financial year, with no account taken of family size, disability needs, or how it can reflect the way modest earnings fluctuate in today's labour market. Tenants will be subjected to compulsory means-testing, yet some of them may well have chosen not to claim means-tested benefits in order to avoid what can sometimes be something of an ordeal. Crisis is particularly worried about vulnerable tenants who may not be able to provide the necessary documentation, making them potentially liable for the full market rent regardless of their actual income. Can the Minister explain why the income threshold is so much lower than under the discretionary scheme introduced by the coalition Government? Am I right that the thresholds will not be uprated in line with average earnings? Can she also tell us, as others have asked, when the various details that will be contained in regulations will be published, as it is crucial that we have them before the Committee stage if we are to have an informed debate?

Ministers constantly go on about the messages they want legislation to send. These provisions will send out the message that the party of aspiration will be capping aspiration and that the party of security will be creating insecurity. As we return to our warm and secure homes, I hope we will remember our responsibilities towards those for whom the Prime Minister's promise of security will ring hollow indeed.

8.58 pm

Baroness Grender (LD): My Lords, I should first like to congratulate my noble friend Lady Thornhill on her maiden speech. It has been an absolute pleasure knocking on doors with her over the past two years. To knock on a door in a mixed tenure community and to understand the passion and drive she has for some

[Baroness Grender]
of the places that she has ensured were built has been a joy. I also thank the noble Lord, Lord Thurlow, for his excellent and eloquent speech. I feel that chartered surveyors are like buses in this debate because three have come along—and do we need them? Only a week ago I spoke to representatives at Jones Lang LaSalle about the Bill who said that even for them, in terms of the private sector, the housebuilding sector is at only 50% capacity for delivering anywhere near the ambition that this Bill has set out. Much mention has been made of the charitable sector, but the private sector is also worried.

Every housing Bill is an opportunity to lay down a great legacy. I feel that this Bill falls very short of that aim. Not only does it fail to tackle the most chronic need we have—the provision of decent, affordable housing and, above all, social housing—but it deliberately sets out to asset-strip what little social housing is left. That it does so with a request to this place for so many blank cheques given the level of secondary legislation, to which others have already referred, is something that I know and trust the Minister will strive to overcome. I wish her luck with that but she will need it.

This evening, I would like the Minister at least to give a commitment that the details of the regulations on the formula to be applied to local authorities on high-value assets likely to be vacant, under Clauses 67 to 73, will be ready prior to us starting Committee stage. Last night, her officials confirmed in a meeting that most submissions are now in. So there is no need for further delay on the small print, which is so important. That helps this House to judge whether the Government have done the maths. Obviously, as noble Lords have heard, we have our suspicions on that.

We all need to recognise that there has been a failure over the decades to increase the supply of social housing in the wake of right to buy. I recall lobbying the Major Government and the Blair Government on behalf of the charity Shelter and the somewhat glazed look of politicians, especially those from the Treasury if they agreed to meet you at all, on the issue of housing. That was in spite of best endeavours sometimes from Housing Ministers from both Governments.

We all know the eternal truth that decent housing across all tenures needs decent levels of expenditure. Ever since the popularity of right to buy, the Benches opposite have tried different formulas to repeat this Thatcherite policy. Some of us would prefer them to look a little further back and I was interested that the Minister mentioned Churchill. Churchill got Macmillan to build 300,000 homes a year. Perhaps we could urge the Benches opposite to go back a bit further than Thatcherism.

Instead, we have a Bill which will subsidise middle-income home ownership at the expense of affordable homes for rent. I believe that the pay-to-stay policy, combined with the sale of high-value social housing, will reduce the mix of tenure, particularly for inner-city areas. As a governor of an inner-city school, the knowledge that children from all backgrounds, all races and all religions go to that school and live in that community is what I believe makes us such a tolerant and liberal society. But with this Bill I fear that social housing will be driven out of the inner city altogether. Given other current priorities for the Government—for instance, on very difficult issues to tackle such as radicalisation—I urge the Minister to look again at the likely impact of these policies on mixed tenure and therefore a decent mix in our communities.

While this Government have made it clear that social housing and homelessness itself are not seen as priorities for this Bill, the impact will still be felt by low-wage earners, those on social housing waiting lists and, therefore, at the sharp end of that, homeless people. I was so pleased that the noble Baroness, Lady Adebowale, mentioned mental health. Homeless Link will say that, from the surveys that it has done, about 86% of people who are recognised as homeless say that mental health is an issue for them. That will come as no surprise given some of the circumstances they are in.

The measures on rogue landlords are welcome but the critical issue in the private rented sector remains affordability. The end of private tenancy is now the most common cause of statutory homelessness, accounting for 31% of all households accepted as homeless in England and 42% in London.

In Committee, these Benches will want to explore updating the law on fitness for human habitation, to which the noble Lord, Lord Young, referred. While discussed briefly in the other place, the debate centred around tenant rights for compensation rather than on the central issue of empowering tenants as consumers to challenge poor conditions in the courts to get the repair done rather than wait for some kind of compensation. Certainly, we will want to explore that as a possibility.

I have here an example of a lady with a son aged four months who approached Shelter. She was in a top-floor flat with no insulation in the roof. She was without a boiler for six months and had no hot water or heating. We all know that the impact of high levels of poor rented accommodation on the NHS is costed at some £2.5 billion. We definitely want to look at the issue of human habitation.

I will move on very quickly to one more thing, which is abandonment. Given that there are few cases of genuine abandonment, we want to be absolutely clear that landlords will not abuse this power. It is only around 1,570 cases a year. I am sure that the Minister understands that landlords can already apply Section 8 and Section 21. Will this be something that landlords can enforce, particularly on the most vulnerable of tenants?

To return to the point raised by the noble Baroness, Lady Royall, and my noble friend Lord Greaves on the wholesale use of secondary legislation, I sincerely hope that the Bill is given the due diligence it deserves by the secondary legislation committee.

Finally, back to Macmillan: he had the vision to see that dramatically increasing social housing would also drive up private housing. We could do with a bit of vision like that here.

9.05 pm

Baroness Greengross (CB): My Lords, I declare my interest as listed in the register. It is not really surprising that, in trying to achieve the target of building 1 million new homes by 2020, there seems to be in the Bill a need in some areas to redefine, or at least readjust, the relationship between local and central government. Today, the big clamour is for devolving power, and rightly so. The argument goes that local issues affect local people. Surely it is right that these should be decided on a local basis. Indeed, the Chancellor's much-publicised northern powerhouse is based on just such a premise.

Unfortunately, some—maybe many—local issues are not just local; they also have national effects. To take the obvious example of spending, vast numbers of local decisions can have national consequences as a result. At other times, the actions of one local authority can have serious consequences for an adjoining authority, or, indeed, for agreed national policy. Transport flows are one example, but housing provision can have the same sort of implications. All too often, however, local discretion is constrained by national government guidelines and parameters that, in effect, take away any chance of local authorities really having any discretion at all. Is that really as necessary as the Government claim? Maybe yes, but maybe no. These are the sort of things that the Bill gives us the opportunity to get right in terms of that balance.

Much of the Bill will have near unanimous support. Surely everyone would agree that steps to curb rogue landlords are a really good thing—except for some rogue landlords. Improving compulsory purchase procedures is surely also a good thing for everyone. But in a number of instances, such as speeding up neighbourhood planning or requiring councils to dispose of surplus assets, the Bill seeks either to redefine existing boundaries or to draw new ones. The ends are desirable, but we need to be absolutely certain that the balances drawn are right, not merely for local government, which is an essential objective if it can be reasonably achieved, but, let us be clear, to try to achieve our national objectives.

Some things seem to be right in principle, but they need to be carefully designated in practice. There is a strong case for exempting specialist properties from right to buy. Similarly, it is difficult to see why high-income families should not be required to pay higher rents, so long as those rents are lower than income rises. If a local authority is, in effect, subsidising a person's housing costs, is it really so revolutionary to suggest that this should in some way—it must be in an acceptable way—be related to that person's ability to pay? What need to be better defined are surely the parameters within which these things will operate. This must be done in a way that does not undermine our overall aims and targets. Disposal of council assets and phasing out of secure tenancies are other such areas. For example, the opportunity to look at the limits, if any, on tenancies should be carefully reviewed. In all such areas, security for those at risk must be ensured and achieving the balance there is very difficult.

A number of things are clearly giving rise to unrest among local authorities. Many things might be right in concept, but an absolute disaster in implementation. It is here where we need to get the balance right, which I hope we will, as a result of our deliberations. We must have much more detail than the Government have given us so far if we are to be able to do this. It is quite extraordinary to have to work with so little essential detail in many of these areas.

The provision of retirement housing is a matter which, sadly, seems to be largely missing from the Bill. It is extremely important. With the number of people over the age of 65 set to double in the next 30 years, a proper policy with regard to their housing is essential in any national housing strategy. The availability of more specialist accommodation for this section of the population and the resulting downsizing that this would make possible could, by itself, go a long way towards solving our housing shortage. Over and above that, retirement housing has so many other proven advantages for those who live in it—for example, in reducing social isolation, to say nothing of the huge savings in health and welfare costs for national and by local government.

Some changes to planning procedures will be necessary. In doing this, the Government must understand that planning is not necessarily a barrier to development. An effective planning system is critical in driving growth and prosperity.

As the Bill makes its progress, I hope that I shall be able to make more detailed suggestions on many of these matters, and possibly others as well. I am delighted that the Government are now aiming to build 1 million new homes by 2020, to drive up standards and to protect vulnerable tenants. I would also welcome anything that gives a better balance between the role of local and central authorities. Let us hope that, at the end, we will be able to congratulate ourselves that we have actually achieved both and not merely enabled one or other side to have simply power built their own estate.

9.12 pm

Baroness Gardner of Parkes (Con): My Lords, I declare my interest which is in the register. At this stage, there is not much more to say on the Bill because we have had some marvellous contributions. I congratulate the two maiden speakers.

As was said at the beginning, housing is the basis of home and family life and perhaps one of the most important influences on the future of the next generation as well as on the present one. Help to buy, as was said earlier, enables the dream of home ownership. It is natural for people to have that. But we need to learn from past mistakes. In my involvement with housing on the GLC, I visited estates which were almost unusable because they were built out of a sort of concrete and no ventilation was provided. People's clothes were ruined by ceilings that dripped mould—I recall that happening to one wedding dress. There were so many mistakes made in what was meant to be the solution of building those marvellous blocks. So many of them are now having to be removed or modified completely.

My noble friend Lord Selsdon had some interesting things to say. My expert on party walls, the noble Earl, Lord Lytton, made the point that I do not feel anyone else went into in the same detail—about the shortage of builders. I can recall years ago, when I was a vice-president of the National House Building Council,

[Baroness Gardner of Parkes]
that the moment you tried to build a certain amount of structure in a certain amount of time, you just did not have enough builders. All the bricklayers used to go off on an eight-week training course and give up after four weeks because they could move straight on to a job, whether they were qualified or not. The Government are going to have to work out how to deal with this issue.

The noble Lord, Lord Palmer, talked about housing land banks. Sure enough, people do have land banks, but you cannot develop all those in five minutes. Certainly, small builders have a very limited rate of production. In large cities, large blocks are the answer because the only extra space we can find is by going up. I had a dental practice near the Barbican and know that people used to have to take their children down to the playground below and watch them from the 17th floor above to see whether they were playing safely. That does not answer any of the community ideas we have. It is important to think these things through and come up with answers that make it possible for people to bring up their families properly.

I welcome the point about enforcement against rogue landlords. But I do not agree that they should be banned as they will go underground and become worse than ever. Those desperate for housing will then be dealing with people against whom they have no comeback as the whole thing will have gone underground. Instead, there should be powers of enforcement and rogue landlords should be put on a blacklist if they are that bad. They should not just be wiped out because that will not get rid of them but will help them to develop a horrible subculture, which will be worse for people than the present situation.

Those who buy a flat in a block become leaseholders. Many of them have no idea at all what responsibilities they are taking on or what will happen. I have spoken to a number of people who bought houses in Margaret Thatcher's day. They now find that they have an income of £10,000 a year but face a roof bill of £12,000 a year and have no money with which to pay it. Therefore, anything that is sold on a leasehold basis should have to have a sinking fund so that people put away a little bit of something all the time and do not suddenly find themselves completely impoverished and unable to do anything because of that.

I should like to touch on many more things but time is moving on and I must not go on. But an estate should be safe for the community that benefits from it. I was touched to hear the noble Lord, Lord Bassam, describe his childhood. Many people would now regard that hardship as an almost idyllic situation because at least there was love, safety and care.

I agreed with many points made by the noble Baroness, Lady Grender, which require a great deal of thought and need to be gone into. My time is almost up and I must not go on. However, we must, above all, have the regulations before Committee, as others have said. I have found such a situation very unsatisfactory, particularly on the part of this department. It always finds some reason why it cannot produce the regulations in draft form until the Bill is over. Then, all we can do is look at them as a statutory instrument and say either yes or no. We cannot amend them, make sense of them or deal with the questions that come up. So, as I said, above all I support noble Lords in pressing for the regulations to reach us in time for them to play a part in our proceedings in Committee.

9.18 pm

Lord Whitty (Lab): My Lords, I thank the Minister for her calm and clear exposition of the Bill. For more than 10 years I have lambasted successive Governments about the depth of the housing crisis every time we have had a housing debate in this House. I am glad the Government at least recognise the need to step up drastically the number of new houses and dwellings being provided. However, I am afraid that I cannot be as calm as the Minister because I think this Bill is not just a missed opportunity but is, in large part, seriously misconceived and will not deliver the improvement in supply that the Government's strategy has already identified.

If that sounds a bit partisan, I do not blame this Government for the depth of the housing crisis. For the last 30 years, I have criticised Governments of every complexion and blamed them for their failure to ensure that adequate numbers of houses are built. I blame them for their failure to match right to buy—which I agree with—with new social housing provision. I blame them for the failure of regional policies to relieve the pressure on London and the south-east. I blame them for the massive growth in housing benefit which is, in practice, the way we are paying for all these failures and dysfunctions. I blame them for denying local authorities the ability to provide social solutions and housing of all types. Underlying this—which may be uncomfortable—I blame the mind-set and lifestyle of some of our policy makers, and those who advise them, and their attitude to the people who live in social housing.

This House now has to consider a Bill of 193 clauses, 20 schedules and, no doubt, vast reams of secondary legislation. Many of the clauses have not been properly considered and received cursory—if any—scrutiny in the Commons. A Bill of this size really ought to have been the opportunity to tackle this issue comprehensively. Instead, it concentrates on changes in tenure and relatively minor changes in conditions of tenure—some of which have serious consequences—and only to a limited extent on the nature of the houses supplied. It will not deliver a significant increase in that supply. Unfortunately, it does so in a way that will increase social division, put the squeeze on social housing, undermine social cohesion and inhibit aspiration and self-improvement for those who live in social housing. At the same time, it will sabotage the financial basis of both housing associations and local authorities, and in a way that centralises decision making and undermines local planning.

The previous coalition Government started with a purpose in the Localism Bill. It was very weak, but commendable in principle. Most of what has happened in relation to housing and planning since then has gone in the opposite direction. This Bill gives 34 additional powers to the Secretary of State, mostly to override local authorities in the planning system. It instructs local authorities on what kind of homes they should

build; for example, starter homes rather than using Section 106 to build a mix of housing. It requires local authorities to sell off their own highest value properties. It fails to allow local authorities—even the much-vaunted new joint authorities, to which we are supposed to be devolving strategic powers—the ability to raise money to build new homes of any tenure. It requires local authorities to divest themselves of some of their land. It requires local authorities and, indeed, housing associations, to charge higher rents to those households who better themselves in terms of earned income. It overrides planning system decisions and requires the virtual privatisation of parts of local planning departments.

I accept it is not all in one direction: there are a few things which the Bill deregulates and decentralises, but those tend to reflect the prejudices of the saloon bar. The Government are removing various laws on the environment and quality of housing and, as others have said, on providing adequate accommodation for Travellers and so forth. However, the powers to override the planning system are writ large in the Bill.

Other noble Lords have described movingly and in detail the socially damaging effects of some of this Bill's provisions; I will just mention three. First is the effect of dramatic increases in rent for households with an income of more than £30,000—£40,000 in London—which is less than half what is needed to put down a deposit on an average house in London. This goes directly against the Government's encouragement of work and aspiration. If the householder gets promoted to a better-paid job; if a second parent goes out to work as the children grow up; if the teenager leaves school and gets a job; then, because the family income will go up, the rent will move to market levels. In many parts of the country, market levels will not be affordable. This is effectively a marginal rate of taxation, far higher than that faced by the super-rich, which will simply force people out of their homes. Secondly, the abolition of security of tenure for all new social tenants, replacing it with a two to five-year tenancy, will both add to family insecurity and detract seriously from community cohesion.

One thing not directly in the Bill but which the noble Baroness, Lady Gardner of Parkes, reminded me of, is that although some estates need demolishing and regenerating, many have vibrant and cohesive communities—most of mixed tenure, these days. To judge by what happened in the past, if they are simply demolished, tenants will lose their homes and leaseholders will be displaced and undercompensated for their homes, undermining their ability to find alternative accommodation. We are thus changing, particularly in our inner cities, the nature of housing and the kind of people we provide housing for. The same applies in a different sense in rural areas. There is a degree of social cleansing here. It is an ugly word but there is enough truth in it to bear the House looking at it.

I hope the House can improve the Bill. There are bits I approve of and which need strengthening, but as a whole it is a serious missed opportunity, which could be very damaging to some of the poorer and low-income families in our country. I hope the Government will listen to arguments for change and that the final Bill will look very different from this one.

9.25 pm

Lord Horam (Con): My Lords, when you find you are the last speaker on the Back-Bench side, the Whips always assure you that it is a place of honour, and they usually manage to do it with a straight face, but it does have one advantage: having listened to a large number of the speakers, if not all of them, you get what the House really believes is the key issue. The key issue is clearly that there is a need for a really substantial increase in the amount of housing, both to rent and to buy, for people of moderate means, particularly young people and particularly in the area with which we are most acutely concerned: London and other cities and towns in the south-east. That is the nub of the challenge that the Bill has to be judged by.

The need is spelled out by the Government—260,000 house units a year—and we are barely halfway there: 125,000 were produced in England in the last year for which there are official figures. The biggest provider, as we know, is the private sector, which produced 96,000 out of that 125,000 and which will be helped by some measures in the Bill, such as the changes to make planning smoother and, I hope, the starter homes. I think we all agree with the noble Baroness, Lady Gardner of Parkes, that we need more detail as soon as possible on this issue as well as others. But the problem with the private sector is that in the final analysis it is producing houses for profit and I am afraid that the profits do not lie at the bottom end of the market. It is the least profitable part of the whole housing equation and therefore I am not confident that there will be a big increase in private sector provision.

That leads us on to the housing associations, which produced 27,000 houses in the last year for which there are official figures. I have no doubt that they were knocked back a bit by the right-to-buy provisions. They had not necessarily anticipated those before they appeared in the manifesto and they may well therefore produce slightly fewer houses in the immediate future than they would otherwise have done. I also have no doubt, knowing them well, that they have a strong social mission. That mission will carry on through the difficulties they may face and I am optimistic—more optimistic than the noble Lord, Lord Stoneham, was—about the chance of them producing more houses. I actually think that ultimately they will produce significantly more houses than they do at the moment and they can and will do that.

That leads us on to the sleeping giant, if you like, of the housing provision scene: council housing, and the appalling figure of 1,360 houses completed in England in the last year for which there are figures. We need much more council housing, not only because of the need to bridge the gap in quantity but because historically it has been the main source of housing for social rents. As the noble Earl, Lord Lytton, said very clearly, whatever happens on the right-to-buy front, whatever happens with buying your own home, you will always need social housing at social rents and an adequate supply of that. It is crucial that that is maintained and much improved from where we are today. The noble Baroness, Lady Grender, made the historic point that Harold Macmillan—a Conservative leader—really did rather a good job in this area. It is not impossible to

[LORD HORAM]
get to 300,000 but it is certainly a wake-up call to this Conservative Government to get weaving on that front.

I am sure from my discussions with local authority leaders in London, as elsewhere, that they wish to improve the amount of council housing for social rent that they are providing. The problem is financing it; they have a need to borrow and their borrowing, of course, is capped by the Government. I am afraid that we therefore come back to the familiar point made by my noble friend Lord Young of Cookham: that it is about the Treasury. The fact is that the Treasury controls this. I believe that the Treasury needs to relax the borrowing cap on local authorities so that they can build more social housing. That would be right in housing terms and, putting my cap on as an economist, in economic terms at this stage of the economic cycle. It will increase the public sector borrowing requirement but we should not be concerned about that in economic terms.

The Bill is therefore a good Bill, and ingenious. The noble Lord, Lord Greaves, even paid it the remarkable compliment of being in parts well written, which I have never heard before about a government Bill. But it will not succeed in dealing with this huge challenge, which we have all talked about today, unless it is complemented by a serious and sustained effort to get social housing by councils really revved up. I believe that my noble friend should take that measure to the Secretary of State and I wish him well in making that change.

9.32 pm

The Duke of Somerset (CB): My Lords, I apologise to the House and to the Minister for my failure to put my name down in a timely manner. Time allows me to comment on only two topics in the Bill.

First, on the right to buy in rural areas, I speak as a landowner and private landlord in the West Country. Surely, the aim of this part of the Bill should be to enable young and low-paid people to live in the countryside at affordable costs. The right to buy, if applied to small communities, will have the opposite effect. Where a right-to-buy grant is given the house will eventually be resold at full market value, possibly as a second home. Either way, it will no longer be available to local people. The one-for-one replacement policy has not worked historically and it is hard to see how it is going to work in the future. A vague regulation that proceeds from sales should be reinvested in the parish will be utterly dependent on the good will and permission of the local landowner, or do the Government envisage compulsory purchase powers to enable this? Such a landowner is unlikely to offer sites, even altruistically, without the provision of perpetual affordability.

The same must be true of starter homes. Landowners will hesitate to promote low-value land just to enrich an individual, rather than a community. The requirement for these to be on rural exception sites, with permission to resell after five years, is counterproductive and not very sensible. Can the Minister clarify where the money for the right-to-buy discount is going to come from? A great many local authorities no longer own any housing stock, so they will not be receiving the proceeds. The formula proposed is neither clear nor logical.

The sustainability test currently applied by many planning authorities stymies otherwise logical sites from being brought forward for much-needed housing. The aspiration to make everyone travel by public transport or bicycle is just not realistic. Although I applaud the Government's plan to build more houses, this must be done holistically: that is, hand in hand with proper infrastructure provision, such as doctors' surgeries, schools, road improvements and buses.

Secondly, I turn to the compulsory purchase regime, which the Government quite rightly seek to improve. However, I do not think they go far enough. The Bill should unequivocally ensure that land is paid for before entry. For later payments due for unforeseeable losses of entry, a proper commercial interest rate should be specified—certainly more than the 2% proposed.

Finally, the abusive ability for NSIPs—nationally significant infrastructure projects—to compulsorily purchase land for unconnected housing at existing-use values is extremely unfair and should be resisted. As many noble Lords have said, many aspects of the Bill are to be welcomed, but it needs much improvement in places.

9.36 pm

Lord Shipley (LD): My Lords, this has been a wide-ranging and incisive Second Reading debate. It has been valuable to listen to all the contributions today. I pay particular tribute to those Members of your Lordships' House who have made their maiden speeches: my noble friend Lady Thornhill and the noble Lord, Lord Thurlow. It was particularly helpful to hear their detailed understanding of housing and planning matters and their views on the Bill. I thank, too, noble Lords from these Benches and from across the House for the insights and the explanations of their concerns, all of which will merit further thinking and debate as the Bill progresses.

I have drawn two conclusions from the debate. First, the Bill will not solve the UK's housing crisis. There is a huge shortage of homes to rent and buy, yet the Bill invests large sums of public money in subsiding home ownership, to the detriment of the supply of homes for rent for those who cannot afford to buy. Secondly, the Bill so far provides little detail on the implementation of new policies, leaving far too much to the discretion of the Secretary of State and to secondary legislation. We have heard some examples. The one I will give is that the method by which the income of a high-income household, and therefore the rent to be levied, is to be assessed surely cannot be left simply to regulation. It is vital that we know, before this Bill goes any further, what the regulations will look like. I hope the Minister has heard the concerns from all parts of the House on this. It really does matter.

At the very beginning of this afternoon's Second Reading, the Minister said that people are sat down in the department and asked whether the Government are doing all they can on housing. The Bill appears to be the Government's answer to that question, but the truth is that the Government are not doing all they can, for two reasons. First, there will be 200,000 extra households each year—the Minister herself cited that figure twice in her speech. So there is a housing crisis

now, but it is going to get much worse, and I see nothing in the Bill that addresses that problem. Secondly, the question is not being answered because not enough social housing for rent is going to be built.

I asked in a Written Question recently what the net increase in the number of homes was likely to be over this Parliament. The reply signed by the Minister simply said:

"My Department does not publish forecasts of net additions".

That raises the question of why it does not and why the Government can quote a wide range of statistics about their building intentions and ambitions, but then fail to tell us what the net outcome is going to be, taking into account the rise in population and the number of households that we know about, as well as the impact of demolitions of current stock. I further note that the Office for Budget Responsibility said in the summer that housing associations will build fewer affordable homes as a result of the 1% annual cut in rents for the next four years, a policy which is part not of this Bill but of the Welfare Reform and Work Bill. A submission by the British Property Federation states that the build-to-rent sector could deliver a lot more homes. It states that there is room for them as well as homes for sale.

There has been a good discussion of the definition of affordable homes, but a better definition is clearly required. For example, in 2014-15, affordable housing completions were 66,000, the highest for many years. The problem with the definition is that under 20% of those 66,000 were for social rents reflecting local incomes—in other words, truly affordable.

In addition, starter homes are described as affordable, but on average, house buyers earning the national average income of £26,500 will be unable to buy in 90% of England and Wales. Shelter says that people will need to earn £77,000 in London and £50,000 elsewhere to qualify to buy a starter home, given their price. Therefore, the policy is unaffordable for at least two-thirds of households.

In Committee, we need to assess the impact of all the Bill's proposals. At least we now have an impact assessment, published a couple of days ago, which will merit close study. I accept that measures to help first-time buyers are very welcome, but starter homes must not replace Section 106 requirements on developers for genuinely affordable homes to rent or buy.

On the impact on council houses, we need to examine why local authorities—I declare my vice-presidency of the Local Government Association—are not being treated in the same way as housing associations under the Bill. We also need to know why extra burdens are proposed on local authorities with housing stock, including payments to central government in relation, first, to the sale and presumed sale of high-value council stock and, secondly, to higher-income social tenants' increased rent, which will have to be met. Alongside the 1% annual rent reduction for four years proposed in the Welfare Reform and Work Bill, these proposals will significantly reduce planned investment in new council housing and improvements to existing stock, with all the problems that will follow that. We need to examine that impact very carefully indeed.

We have heard a great deal from the noble Baroness, Lady Bakewell of Hardington Mandeville, and other noble Lords about the impact on rural areas, and we will need to investigate that in close detail.

There is also the impact on those on low incomes and the supply of social housing for rent. There are 1.6 million people on social housing waiting lists—a large number— and there is a need to house those on low incomes. I look forward to a definitive statement from the Minister that the Government accept the need for social housing for rent: I am coming to the conclusion that they do not. I fear that the Bill will undermine Section 106 requirements on private developers to provide affordable homes.

Worryingly, there is no requirement in the Bill that affordable homes for rent which are sold will be replaced like for like—we have one for one, but we do not have like for like, and they are not the same thing—and in the same geographical area. The two for one in London is in the Bill, but the one for one elsewhere is not. That is a concern.

Tenure for life was established by Mrs Thatcher. It has to be tested, because tenants will think twice about investing their time and money in decorating their homes and maintaining their gardens if they feel that they could lose the tenancy in two to five years' time. I am unclear why all this is necessary at all, given government plans on rent levels. We have heard a great deal about the impact of "pay to stay". It is very hard to see how public sector workers, in particular, in places of very high rents, will be able to stay where they are needed to work. The whole area of pay to stay is invidious. At the very least, the level at which pay to stay comes into play will have to rise. It is in principle right that those who earn a good salary could pay a higher rent; the question is about the level.

There has been little discussion of the impact on the taxpayer, but of the £20 billion cost only a very small proportion is for social or affordable rent. The discounted sale and the capital gain on sale after five years for starter homes will not protect taxpayers' investment.

We have heard a great deal about the private rented sector, which I will not repeat. In many respects the Bill is good on that. It should be a basic right for tenants that privately rented properties are fit for human habitation at the start of and throughout a tenancy.

There is the impact on the planning system. In one sense, it is centralising, as has been said. We are going to have to look at all the clauses in the Bill relating to planning because we could well end up with a US-style zoning system that reduces consultation.

We have a lot to test in Committee. I subscribe to the view expressed by the noble Lord, Lord Kerslake, that we cannot risk everything on private sector sales generating the homes we need. We need a strong social rented sector as well. The great failure of the Bill is that the Government do not seem to understand that.

9.46 pm

Lord Beecham (Lab): My Lords, I join other noble Lords in congratulating the two maiden speakers tonight, the noble Lord, Lord Thurlow, and the noble Baroness, Lady Thornhill—despite, in the latter's case, what Watford

[LORD BEECHAM]

have done to Newcastle United three times this season. Their contributions to this debate have been extremely constructive and helpful.

Eighty years ago, a book was published entitled *The Strange Death of Liberal England*. The Bill will help to encompass the strange death of social housing. It is strange because councils and housing associations have played a critical role in the provision of good-quality, responsibly managed, affordable housing for rent, and it will be fatal because, inexorably, through the right to buy at significantly discounted prices and the impact of enforced rent reductions, the social rented sector will decline.

I understand why many housing associations agreed to the so-called voluntary deal over right to buy, but they made a grave mistake. With their small majority, the Government would have struggled to impose this radical change on the working of the sector. I predict that if over time they become dissatisfied with the progress of the new right to buy, it will be made compulsory, as it already is for council housing. Needless to say, no such right is contemplated for private sector tenants, now 20% of all householders—twice the proportion of council tenancies in the overall housing stock.

It is, of course, legitimate and right to facilitate the perfectly reasonable aspirations of people wishing to own their own home, but not at the cost of those who do not have such aspirations or the financial wherewithal to meet them. Yet this is what will happen, while the beneficiaries of starter home purchases and of right-to-buy discounts will make a tax-free gain on resale after just five years.

Just how many people will be able to afford the so-called affordable homes—a point raised earlier in this debate? In Newcastle, there are 5,923 applicants on the council's housing register, 95% of whom earn less than £20,000 a year. The maximum mortgage they could achieve would be £70,000. The Minister visited Newcastle recently. Indeed, she visited my ward, where a new housing estate is being built. She was very impressed with it, and rightly so. The houses are being sold for £170,000, which puts them well beyond the range of the people on our housing list, although in that scheme the council has been able to ensure some houses at reasonable affordable social rents. The opportunity for similar schemes in future will be denied the city, its residents and other authorities.

The last Labour Government could legitimately be criticised for failing to secure more new council housing, although their overall record on new building was reasonable and certainly better than under their successors, who, incidentally, cut housing investments by two-thirds on coming into office in 2010. The noble Baroness, Lady Eaton, referred to a sharp fall in housing completions after 2008. The economy had a sharp fall globally after 2008. The first 100,000 houses built under the coalition Government in their first year were of course started before they came to office—and, as we have heard, their present record is of course quite abysmal.

But in any event, people all too readily forget the Labour Government's massive investment in improving the housing stock, not least under the aegis of the Homes and Communities Agency, and there is nothing at all in the recent comprehensive spending review for the provision of social rented housing. Yet investment in such housing does not embody a subsidy. As my honourable friend Clive Betts pointed out on Report in the Commons, housing revenue accounts, like councils themselves, have to balance their books. The only element of subsidy at present is the right-to-buy discounts, to which the Bill will add the 20% discount on starter homes. The noble Lord, Lord Horam, rightly called for permission to borrow to be extended to promote council building. I very much welcome that suggestion and I hope that the Government will listen to one of their more senior and experienced Back-Benchers in that respect.

Extending the right to buy to housing association tenants, initially on a voluntary basis, has to be seen in the light of experience in the council sector so far, where for every nine houses sold only one has been replaced, and where a higher proportion of those sold has ended up in the private sector, with higher rents and a correspondingly high impact on housing benefit. Moreover, 91% of sales are deemed unaffordable to people on the national average income of £26,000 a year—which, if that represents the household income, is less than the threshold for the pay-to-stay provisions of the Bill, to which I will return later. Even the CBI and leading property agencies have opposed the Government's measures in this respect. The Institute for Fiscal Studies referred to:

> "The coalition's less-than-impressive record in delivering replacement housing under the existing right-to-buy".

It warned of the risk of,

> "further depletion of the social housing stock".

Of course, the Government again talk of replacement, now in deference to their candidate for the London mayoralty, at the rate of two to one in the capital. But that will include the new starter homes, which might represent a physical replacement, but, at costs of up to £250,000 or £450,000 in London, are unlikely to accommodate many, if any, of those on the current long housing waiting lists. Crisis reports that families on or below the so-called national living wage will be unable to afford starter homes in all but 2% of council areas, and in only six council areas will people on average wages or less be able to take advantage of the scheme. In any case, where, I ask the Minister, will these new homes be located—and, as my noble friend Lady Blackstone asked, will the Government monitor the incidence of where these replacements take place?

One of the underlying effects of the government policy that will be made worse by the Bill's provisions in relation to pay to stay and security of tenure, adding to the existing impact of the bedroom tax, is the effect not only on individuals but on communities. People will be expected or driven to seek affordable accommodation—affordable in a real sense to them, not as defined by some centrally contrived formula—in a different area from where they currently live. Clearly, it will often be difficult, especially in rural areas, to find such alternative homes in the social or even the more expensive private rented sector. The National Association of Local Councils says that it is,

> "amazed at the level of rural proofing of these proposals given the government's response to the Cameron review",

and calls for an amendment to provide for a rural-proofing review after two years.

Several of your Lordships referred to the problems of rural areas. My noble friend Lady Royall called for an exemption from the right to buy; the noble Lord, Lord Cameron, expressed scepticism about the impact of starter homes; the noble Lord, Lord Teverson, talked about secure homes; and others touched on the problems of rural areas. But individuals and families in both urban and rural areas will not only have to move home; they will have to change their children's schools and their GP, face longer travelling times to their jobs and start life again in a new community. Ironically, the members of better-paid households may be the more likely to engage in the life of their existing community—a point made by the right reverend Prelate the Bishop of Rochester and the noble Baroness, Lady Thornhill, and expressed implicitly in the very moving speech of my noble friend Lord Bassam.

Moreover, as we have heard, levels of household income at which pay to stay kicks in are very modest. At £30,000 a year, two people on the national minimum wage in a household will face a large rent increase. As we move to a proper living wage, the London figure of £40,000 will trigger the same effect. A pay increase or a better-paid job will incur a higher rent, which will have the effect of penalising endeavour by, in effect, a tax increase—a point made by my noble friend Lord McKenzie. The presence of other family members who have an income—a son or daughter in work or a parent with a pension—may add to the problem. What will be the effect on incentives? As with so much else, councils will have no discretion in the matter; it is yet another exercise in central government dictation at a time when the Government speak grandly about devolution.

What is to happen to specially adapted properties? For that matter, exactly what are the Government going to do about supported housing schemes, about which serious concerns have been voiced—and voiced again today by the National Housing Federation and Women's Aid? If I heard her correctly, the Minister indicated that they may not be affected by the proposed legislation. Perhaps she could clarify that point when she replies to the debate.

Finally in relation to social housing, there are grave concerns about where the proceeds of sale under right to buy or in relation to vacant high-value homes will be applied. Clearly this will present problems for London and perhaps other areas. To what extent have the Government consulted about this and where do they imagine the impact will fall? The Conservative Member of Parliament Mark Field declared that he worried,

"that forced sales will deplete stock, and that once a windfall has been pocketed, the property concerned will simply be rented out to a high earner".—[*Official Report*, Commons, 12/1/16; col. 732.]

Apparently this had already happened in many housing estates in his constituency. In short, he summarised the fears of an eventual house price bubble.

There is one other aspect which, for the last few years, has perhaps distorted the housing debate, and that is the very low interest rates which have fuelled the enormous increase in house prices. Sooner or later rates will rise. What impact will that have on the demand for house purchase, on the ability to buy of even those benefiting from the discount on starter—allegedly affordable—homes and on the market generally? I well remember when Labour took control of Newcastle City Council. In 1974 we bought a newly developed private housing estate from developers who simply could not find buyers. Eventually, of course, they were all sold under the Thatcher Government's right-to-buy scheme, with virtually no replacements. The Council of Mortgage Lenders warns of the impact of the starter homes discount and the right to buy on the "lenders' appetite to lend".

I endorse the concerns expressed by my noble friend Lady Whitaker about Gypsies and Travellers, and I deplore the failure of the Bill to tackle homelessness. Those observations were also supported by the right reverend Prelate the Bishop of St Albans.

While I welcome the Bill's measures in respect of rogue landlords, it is regrettable that it fails to provide greater security for private tenants—and, as my noble friend Lord Young reminded us, it is simply astonishing that the Government voted down an amendment to secure that all rented properties must be fit for human habitation.

The planning sections of the Bill also raise significant issues. The usual suspects in the property industry proclaim their usual mantra, blaming local planning authorities for the dearth of new building, while presiding over around 500,000 unused planning permissions and, as the noble Lord, Lord Palmer, pointed out, holding large areas of land without taking the opportunity to develop them.

Building starts, the Town and Country Planning Association reveals, fell by 14% between April and June last year. It points out that although the Bill creates a presumption in favour of starter homes and exempts them from Section 106 and community infrastructure planning requirements, nothing is said about design, space or energy requirements. There is an issue not just about the number of homes we need, but about what we are building. We already have the smallest units of any comparable country, and the coalition downgraded the energy efficiency requirements. On this, the Government in general and the Bill in particular have nothing whatever to say.

The trend of bypassing both local authority and community interests, which has become an increasing feature of this Government's policy, notwithstanding their earlier promises to the contrary, is continued in the Bill.

Under the nationally significant infrastructure projects regime, housing will, in future, be permitted additional to that related to the relevant infrastructure project, with no limit being set out in the Bill. The TCPA argues that any housing in a nationally significant infrastructure project scheme should be incorporated only if allocated in a local plan.

The TCPA also questions the single consent scheme established by Clauses 136 and 137, under which the Secretary of State may grant permission in principle in respect of land allocated for development. This proposal is to be the subject of consultation. Perhaps the Minister will indicate when this will be concluded and whether the outcome will be available before we

[Lord Beecham]
reach Report. Will the Minister clarify the effect of Clause 136? Will planning authorities be able to specify whether or not a site is subject to PIP, or will the Secretary of State be able to require them to specify housing land for this purpose? In any event, as the TCPA points out, land allocation is not the same as planning consent; it is the first step in a process that needs to involve detailed working through. There are also questions about this so-called zonal planning's impact on a wide range of issues—from commercial to waste, or even perhaps fracking. What, if anything, will be excluded from the PIP process?

The TCPA raises further questions about the effective outsourcing of the processing of planning applications to alternative providers under Clause 146. Some councils choose to do this given the huge pressure on their budgets and the difficulty of retaining sufficient staff. But the Bill goes beyond that process and, crucially, envisages that the developer may appoint a designated person and, alarmingly, that the Government may by regulation allow that person's advice to be binding on the local planning authority. This is wholly unacceptable both as to the substance and the procedure that the Government are adopting, which is, as we have seen so many times in this Bill, to proceed by way of secondary legislation.

This brings me, Members will be relieved to hear, to some closing observations on the Bill and, in particular, on the way the Government have handled it. The Bill grew in length exponentially between Committee stage in the Commons and the two days of Report and Third Reading. Substantial amendments were tabled on planning, the regulation of social housing, the power of housing associations to charge high-earning tenants higher rents, security of tenure and more besides. Some of these measures were, and are, highly contentious.

The Government's contempt for the process of adequately scrutinising legislation—a topic with which this House has been much concerned of late—is ever more apparent. It is compounded by yet another example of the woefully inadequate impact assessments that have so often been the subject of criticism across the House and in the Secondary Legislative Scrutiny Committee. It is made even worse by granting to the Secretary of State the power to ordain secondary legislation—an issue raised by my noble friend Lady Andrews and the noble Baroness, Lady Gardner. I have lost count of the number of matters to be carried forward by orders and regulations. Perhaps the Minister could remind the House just how many they are.

This Bill needs detailed and informed scrutiny, hopefully leading to amendments. I commend the statement by the noble Lord, Lord Porter, on behalf of the Local Government Association, which he chairs, and from the association's president, the noble Lord, Lord Kerslake. They voiced concerns and announced the association's intention to seek changes. The House, with its breadth of experience and skills—amply demonstrated tonight—will no doubt listen to the reasoned case made by the Local Government Association and others. I hope, in turn, that the Government will respond constructively. I will not, however, be holding my breath.

10.04 pm

Baroness Williams of Trafford: My Lords, I thank all noble Lords who have taken part in this Second Reading debate. I realise that just to name check everyone would take nearly 20 minutes but I pay particular tribute to the maiden speeches of the noble Baroness, Lady Thornhill, and the noble Lord, Lord Thurlow. The noble Baroness and I have a shared history in a funny sort of way which I only realised when she pointed it out to me when she came into the House. Both of them made great contributions today and I know they will continue to make them in the future.

Naturally, a huge number of points have been raised and I shall try to address as many as I can tonight, particularly those made a number of times. Where I cannot address them tonight, I shall continue to listen and discuss them with noble Lords outside the Chamber and in Committee. Several noble Lords have raised concerns and I shall do my best to allay some of their fears. As the Bill is so wide-ranging I shall try to group my comments together.

The issue that starter homes are unaffordable was raised by the noble Lords, Lord Kennedy, Lord Thurlow, Lord Young of Norwood Green, and Lord Kerslake; by the noble Baronesses, Lady Andrews and Lady Doocey; and by the right reverend Prelates the Bishops of Rochester and of St Albans.

I will focus now on the price cap versus the average price. The price cap in the Bill is £250,000 outside of London and £450,000 inside of London. That is a cap and not an average. We fully expect starter homes to be priced well below that cap. The average price for a first-time buyer of properties in England in 2014 was £226,000, and the equivalent starter home would have a discounted price of £169,000. In London the discounted starter home price based on 2014 prices would be £291,000. The experience of help to buy bears this out. Eighty per cent of the properties sold were bought by first-time buyers and the average price of homes purchased under help to buy of £186,000 was well below the national average of £286,000. That means that starter homes will be more affordable than some noble Lords fear.

A number of important questions were raised on how infrastructure would be funded. Local planning authorities will still be able to secure Section 106 contributions for site-specific infrastructure improvements for starter home developments through the planning process. The noble Lord, Lord Thurlow, and my noble friends Lord O'Shaughnessy and Lady Hodgson asked how we can ensure that quality is maintained. Again it is very important to learn the lessons of the past and we are working with the sector on this. We know how important quality is and we issued design exemplars for starter homes in March. We will continue to work with the sector on this.

Many noble Lords also raised concerns about starter homes replacing other forms of affordable housing. Local planning authorities will need to apply their planning policies, including those on affordable housing, in the light of the legal starter homes requirement. Local planning authorities know their market and we would also expect them to seek other forms of affordable housing, such as social rent, where it would be viable.

Councils have the options to release more land for housing to ensure that they deliver as much housing of all tenures as needed.

The noble Lord, Lord Kerslake, also said that it should be down to councils to assess needs and deliver on them. Young people need homes now. As my noble friend Lord O'Shaughnessy said, the crisis for first-time buyers is acute. We want councils to consider their needs and the Bill will ensure that they do so. Starter homes will form part of a mix of tenures that we want to see on developments. Councils are in a position to build their own social rented housing, and many are starting to do so. The Government fully intend to make sure that affordable homes to rent continue to be provided. That is why in the spending review we confirmed £1.6 billion for 100,000 affordable homes to rent. The noble Lord, Lord Best, questions whether this is enough. Because it is grant-funded, it is a minimum position. We would expect councils and developers to do more than the bare minimum.

A number of speakers, including the noble Baroness, Lady Bakewell, asked whether starter homes should keep their discount in perpetuity. This would defeat the purpose: long-term restrictions may make it more difficult for the first-time buyer to sell and move on—whether to take up a new job or move to a larger home as their family grows.

Several points were made about the right to buy and high-value assets. In response to the comments of the noble Lord, Lord Young of Cookham, those tenants who buy a starter home under right to buy should have the same freedoms as every other home owner. The existing right to buy does not include any restrictions on letting, and it would be unfair to include this restriction for housing association tenants. The noble Lord, Lord Young, also questioned the exclusion of Section 106-funded properties and right to buy. It was decided, because of the short timescale, to exclude properties built through Section 106 from the voluntary right-to-buy pilot. Aspects of the main scheme will be different. Under the voluntary deal the presumption is that housing associations will offer to sell tenants the property in which they are living, and we would expect them to do so in the majority of cases. We are working with the sector on the detailed implementation of the main scheme.

The noble Baroness, Lady Doocey, asked about housing associations selling off property to avoid the right to buy. The Government are fully compensating housing associations for the right-to-buy discount, based on open-market value, and the housing association will keep the full receipts of the sale, so there is really no financial benefit to a housing association in selling off empty properties to avoid the right to buy.

Lord Kennedy of Southwark: Could I be clear? The Minister said that the Government are fully compensating the housing associations. It is the local authorities that are compensating the housing associations.

Baroness Williams of Trafford: I understand that it is the Government who will fully compensate the housing associations.

Noble Lords, including the noble Lords, Lord Kerslake, Lord Adebowale and Lord Stoneham, the right reverend prelate the Bishop of Rochester and the noble Duke, the Duke of Somerset, are concerned about the wider implications of the Bill and the future of social housing, especially when local authorities are selling their high-value assets. We are considering a number of types of housing that could be excluded when that is taken into account, and cases where housing will not be considered to have become vacant. We are engaging widely, and I will make sure that the points raised here are taken into account. I would also be happy to meet the noble Lord, Lord Adebowale, to discuss housing co-ops in particular.

In addition, the Government are committed to using a portion of the receipts to fund the building of additional homes. The Secretary of State and the local authority can enter into an agreement for the local authority to retain part of its receipts to lead on the delivery of more homes that meet housing need.

Members were also concerned about high-value assets forcing people out of their areas. The aim is not to force people out of homes. This will apply to a property only when it becomes vacant. The Government support the ambitions of social tenants to make the move into home ownership but, equally, it cannot be right that some social tenants on higher incomes are benefiting from lower rents when those renting privately do not. Social housing for rent must primarily be focused on those in real housing need who are on lower incomes.

We recognise that rent rises must be affordable and protect work incentives. That is why we have consulted on proposals to introduce gradual rent rises in relation to income, to help ensure that the extra rental costs are manageable. There is broad support for our proposal for a taper and we will consider the responses carefully.

The noble Baroness, Lady Bakewell, asked about the use of a formula and the loss of family properties. The data that we are collecting will inform the high-value threshold, and for local authorities the use of a threshold to determine payments will give greater certainty and predictability, which will help them to manage their finances better. It will also provide greater flexibility for local authorities to choose what properties they sell in order to make the payments.

The noble Lord, Lord Young, who I commend for the work he described earlier on right to buy all those years ago, asked about the portable discount. Under the terms of the voluntary agreement, where a housing association exercises a discretion not to sell a property, the association would offer tenants the opportunity to use their discount to buy an alternative home from their own or another association's stock. Receipts from sales under the new scheme, including the government grant to cover the cost of the discount, will generate considerable income for associations to reinvest in new supply, with an additional home being provided for every home sold. To allow the portable discount to be used on properties in the open market loses that income to the sector, limiting the ability of housing associations to deliver new supply. We are currently working with the sector to finalise how the portable discount might work.

The noble Lord, Lord McKenzie, and the noble Baronesses, Lady Young and Lady Andrews, asked questions about planning. The decision to grant planning permission in principle will be locally driven where a choice is made to allocate land for housing-led

[Baroness Williams of Trafford]
development in a local plan, neighbourhood plan and new brownfield register. This will promote plan-led development and ensure that decisions take place within a framework that includes the engagement of communities and others, as well as consideration of development against local and national policy, including important matters such as heritage and, of course, flooding. Allowing permission in principle to be granted for housing-led development will allow it to accommodate other uses that are compatible with residential areas such as retail, social and community uses. This will help to deliver the mixed and balanced communities that we want to see. However, the Government were clear in the other place that there is no intention to allow permission in principle to be granted for fracking.

The LGA report referred to by my noble friend Lady Eaton presents a narrow picture of the build out as it only covers homes on major sites—that is, those with 10 units or more—and therefore overstates the average time to complete all work on a site. However, I agree that ensuring that where permission is given for new homes, building them out without delay is a very important part of the equation, and this includes ensuring that the local planning authorities play their part by discharging conditions as quickly as possible.

The noble Baroness, Lady Thornhill, suggested that women would be disproportionately affected by our planning policies, and we will of course continue to keep them under review as, for example, we finalise the new planning policy following the closure of the consultation next month.

The noble Baroness, Lady Bakewell, and the right reverend Prelate the Bishop of St Albans suggested that the Bill has got rid of the need for considering Gypsy and Traveller needs. The Bill does not remove the need to assess their accommodation needs. The proposed changes to the legislation make it clear that the needs of all those who reside in the district must be taken into account, and that includes Gypsies and Travellers. The provision of caravan sites and moorings for houseboats are considered under the duty to assess housing needs in the Housing Act 1985.

I think that I had better move on to the question of the lack of information on secondary legislation. Noble Lords will forgive me if I do not name-check everyone because so many of them raised the issue. I understand the concerns of noble Lords about the number of secondary legislation proposals proposed by the Bill. I will do my best to provide as much information as possible as the Bill progresses. I have discussed this with a number of noble Lords in meetings. I want to ensure that everybody has the information they need to understand the implications of the measures in the Bill and I hope to explain as much as I can during Committee. Each one of the measures will be different and there is much detail that is still to be sorted, as well as data to be collected and analysed and stakeholders that we need to work with. We are consulting widely and we will be sharing the details as they emerge. We want to make sure that we get it right. We do not want to rush into secondary legislation before working with those who will make all this work on the ground. An example will be many of the planning measures where we plan to consult shortly on the details that will be in the secondary legislation.

The noble Baroness, Lady Grender, talked about getting on with the data analysis to inform the formula for high-value assets. As she says, we are making good progress on collecting the data and we need to get the formula right. However, there is still some way to go. I will keep the House informed as we make progress. We will bring forward the detail that Peers want as soon as we can.

The noble Lord, Lord Whitty, and the noble Baroness, Lady Grender, talked about sink estates. We know that the worst estates have huge potential to be revived so that they become thriving communities once more. That is why we are so determined to kick-start work which would benefit the lives of people by providing high-quality homes.

My noble friend Lady Gardner of Parkes raised rogue landlords and sending them underground, and that we need better enforcement. As well as the clauses on banning orders which will ensure that rogue landlords are unable to continue letting out properties, the Bill ensures that local authorities' powers of enforcement against those who are committing housing offences are greatly strengthened. Some of this is already going on, particularly in London boroughs. Clause 117 and Schedule 9 will enable local authorities to impose a civil penalty of up to £30,000 as an alternative to prosecution and enable provisions which will extend the availability of rent repayment orders.

The noble Lord, Lord Beecham, talked about the right to buy—replacements and figures. There is a rolling three-year deadline for local authorities to deliver one-for-one replacements. So far, they have delivered well within the sales profile. By March 2013, there had been 3,054 additional sales and by September 2015, there had been 4,117 starts.

The noble Baroness, Lady Bakewell, talked about planning competition. I believe that there is an appetite for greater competition in the planning system, although I must point out—a couple of noble Lords touched on this—that the decisions remain with the local planning authorities. We anticipate that a number of ambitious and high-performing local authorities will also want to compete to process planning applications in other areas.

The noble Lords, Lord Kennedy and Lord Tope, raised issues on electrical safety in the private sector. The Government are committed to protecting tenants and have agreed to carry out the necessary research to understand what, if any, legislative changes regarding electrical safety checks should be introduced. The noble Lord, Lord Young of Norwood Green, raised the idea that the Bill should ensure that rented properties are fit for human habitation. Local authorities already have strong and effective powers to deal with poor-quality, unsafe accommodation, and we expect them to use them.

The noble Baronesses, Lady Bakewell and Lady Thornhill, the noble Lords, Lord Kennedy and Lord Cameron, and the right reverend Prelate the Bishop of Rochester were concerned about the level at which people are classed as having a high income. The issue

is whether people on those household incomes, which are above the average median wage of £26,000 a year, should automatically benefit from a lower rent than people in comparable private rented housing. Our view is that it is not fair for the taxpayer and that it is an issue that should be tackled. It is also important to recognise that social housing should be prioritised to those in genuine need. There will be households on lower incomes that are more in need of social housing for rent. We do not want to damage work incentives and that is why we are proposing a taper, as mentioned by the noble Baroness, Lady Doocey. That would see rents rise gradually in relation to income. Doing so will ensure that households are incentivised to accept higher-paid work so that they see a range of benefits from that income.

The noble Lords, Lord Cameron and Lord McKenzie of Luton, asked how income will be assessed. The noble Baroness, Lady Lister, asked about ensuring that vulnerable tenants are protected. We will ensure that the implementation of "pay to stay" is fair for tenants as part of our ongoing engagement with local authorities.

I hope that noble Lords will indulge me, given the huge number of questions, for another couple of minutes. If any noble Lord objects, please let them speak now.

On lifetime tenancy, many Members, such as the right reverend Prelate the Bishop of Rochester, suggested that reviews of social tenancies would place undue pressures on local authorities. Keeping that under review should already be part of good tenancy management, but in any case, we expect that savings over the long term are likely to outweigh any additional costs from reviewing tenancies.

Many noble Lords talked about rural impacts. We understand the pressures faced by the rural community, which are many and complex. The Bill allows for certain types of housing to be excluded from being sold when vacant. We will set out our thinking on this in due course. Under the voluntary agreement on right to buy, housing associations will have the discretion not to sell homes in rural areas. We are consulting on planning reforms to allow starter homes on rural exception sites, to help villages thrive. This includes an option to retain local connection tests. We want rural exception sites to continue to deliver housing for rural communities.

On flooding, I welcome my noble friend Lord Liverpool's comments on local plans. I know that my noble friend Lord Deben, the noble Lord, Lord Krebs, and the noble Baroness, Lady Bakewell, will also keep a close eye on this. Planning guidance is clear, but I am sure that we will come back to this subject in due course.

The noble Lord, Lord Beecham, asked whether adapted housing under regeneration schemes will be excluded under the high-value asset sales. Excluded housing will be set out—noble Lords will groan now—in secondary legislation. The department is engaging widely with local authorities and other stakeholders. No decisions have been made yet on the types of housing that will be excluded or cases where housing would not be considered as becoming vacant. As part of our process of updating data on local authority stock, we are collecting information on the purpose of the stock held to understand more about the types of housing that local authorities own, which will inform decisions on housing that will be excluded.

I conclude with the noble Lord, Lord Best, because he might be thinking that I am ignoring him. The noble Lord made a wide-ranging contribution with a promise of much more to come, which I look forward to, given his wealth of expertise. I share his view that we need houses both to rent and to buy, which is why the package we announced in the spending review includes that significant support of £1.6 billion for 100,000 rented homes. We also committed £4.1 billion for 135,000 shared ownership homes, allowing people to buy a share if they cannot move straight to purchasing outright.

The Bill needs to be seen as part of our wider crusade to get more homes built for all our communities with a planning system that delivers, while managing the homes we already have fairly. I know that we share this ambition to address the housing needs of the country, even if our views may differ around the edges on how to get there. I look forward to working with all noble Lords who have spoken today and other interested Peers as we take the Bill through the House. I beg to move.

Bill read a second time and committed to a Committee of the Whole House.

Childcare Bill [HL]

Returned from the Commons

The Bill was returned from the Commons agreed to with amendments. It was ordered that the Commons amendments be printed.

Charities (Protection and Social Investment) Bill [HL]

Returned from the Commons

The Bill was returned from the Commons agreed to with amendments. It was ordered that the Commons amendments be printed.

House adjourned at 10.29 pm.

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