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(HANSARD)

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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 8 March 2016

2.30 pm

Prayers—read by the Lord Bishop of St Albans.

Death of a Member: Lord Brooks of Tremorfa

Announcement

2.36 pm

The Lord Speaker (Baroness D'Souza): My Lords, I regret to inform the House of the death of the noble Lord, Lord Brooks of Tremorfa, on 4 March. On behalf of the House, I extend our condolences to the noble Lord's family and friends.

Women: Discrimination

Question

2.36 pm

Asked by ***Baroness Kinnock of Holyhead***

To ask Her Majesty's Government what assessment they have made of the United Nations framework launched in November 2015 with the aim of preventing violence against women, gender inequality, discriminatory practices and harmful cultural and social norms.

The Parliamentary Under-Secretary of State, Department for International Development (Baroness Verma) (Con): My Lords, the UK championed the global goal on gender equality, and we will demonstrate the same leadership at the Commission on the Status of Women next week. The UK has scaled up its efforts to tackle violence against women and girls worldwide, with a 63% increase in our programmes since 2012. I welcome the new framework as the first UN-wide approach to the prevention of violence. It is a significant step in fostering greater co-ordination across the UN family.

Baroness Kinnock of Holyhead (Lab): I thank the noble Baroness for her reply. Does she agree that the United Nations framework provides the basis for worldwide action in pursuit of justice and equality for women, including on global gender-based violence? Will our Government give a clear and increased priority to education for girls and women, universal provision of sanitation and access to employment? Across the world, these are exactly what determine whether women are free of oppression, want and violence.

Baroness Verma: My Lords, the noble Baroness raises a number of very important areas on which the Government are working very hard with the United Nations. The noble Baroness will also be aware of the high-level panel that my right honourable friend the Secretary of State is a founding member of and which has economic empowerment at the heart of its strategy. We want to make sure, going forward, not only that women's need for water, sanitation and hygiene are addressed but that women are able to access economic opportunities.

Lord Hague of Richmond (Con): My Lords, I support the emphasis the Government are giving to preventing sexual violence in conflict alongside supporting the UN framework. Will my noble friend acknowledge that the rise of Daesh has opened a new and grotesque chapter in systematic violence against women? Will the Government work at the UN and with our allies to communicate more effectively to the world the extent of those crimes, to care for survivors of those crimes and to train armed forces in the Middle East in their detection and prevention?

Baroness Verma: My noble friend raises some very important issues concerning the protection of women and the rise of Daesh, and I take this opportunity to congratulate him on all the work he did as Foreign Secretary. My noble friend will support what the Government are doing in working with our MoD colleagues and with the Foreign Office to ensure a co-ordinated approach across government. He is absolutely right that we need to do more, and we need to encourage our partners to do the same.

Baroness Northover (LD): African Union peacekeepers in Somalia have been accused of rape. Does the noble Baroness agree that it is welcome that the AU has conducted an investigation into this? What are the UK Government doing to support the AU to ensure that it takes the conclusions of that investigation through and holds its troops to account?

Baroness Verma: Again, the noble Baroness has raised a serious issue that women face in these particularly fragile conflict areas. We need to praise the AU for the leadership it is showing, including in trying to tackle FGM and child and early forced marriage. The AU has taken a step forward, and we will be doing our level best, with other donors, to ensure that it receives the support it needs. The noble Baroness is absolutely right that we need to make sure that the perpetrators are brought to book.

Baroness King of Bow (Lab): My Lords, I thank my noble friend Lady Kinnock for a lifetime's work promoting gender equality. On the subject of harmful cultural and social norms, is it not strange that here in Britain, we persist in paying women less than men? At the current rate, it will take us 47 years to close the gender pay gap. I know that we take a long view in this House, but does the Minister think that that is too long? If so, will she go further than the Government's current position on pay transparency and legislate for equal pay audits? She would be surprised by what she would find. Is she aware that the government department responsible for ending the gender pay gap pays its women £2 an hour less than its men?

Baroness Verma: My Lords, closing the pay gap between men and women is a really important question, and one that this Government have been very committed

[Baroness Verma]
to addressing. The noble Baroness will be aware of the work of the noble Lord, Lord Davies. We must ensure that companies are held to account. That is why my right honourable friend Nicky Morgan, the Minister for Equalities, is pressing hard for companies employing more than 250 people to publish what they pay to men and women.

Lord Singh of Wimbledon (CB): Does the Minister agree with the Sikh teaching that in conflict, enemy women should be regarded as mother, sister or daughter?

Baroness Verma: My Lords, across any teachings, we need to ensure that the basic human rights of all people are supported and protected.

Baroness Hodgson of Abinger (Con): My Lords, widows and wives of the disappeared are at particular risk in conflict in developing countries. Does DfID have a specific focus on them, because they really need our protection?

Baroness Verma: My Lords, I am grateful to my noble friend for her question on widows. We fought hard to have a stand-alone gender goal at the UN General Assembly last year so that we could have a life-cycle approach, which included widows. We are doing a lot to help vulnerable groups in society who are susceptible to violence, including widows.

Baroness Nye (Lab): My Lords, the Minister will have seen the pledge by more than 100 women, including noble Baronesses from all sides of the House and Members of the other place, to stand with the women of Burma to end rape and sexual violence in that country. Will the British Government support their call for an investigation into rape and sexual violence by the Burmese military against ethnic women and girls?

Baroness Verma: My Lords, we have to stand up and fight all abuses from all countries by all military personnel. That is why we insist on working with partners to ensure that countries respect the role and place of women in their communities.

Women: Literacy

Question

2.44 pm

Asked by ***Baroness Rebuck***

To ask Her Majesty's Government what steps they plan to take to improve the reading skills of 16 to 24 year-old women to ensure that they have a good start in life, and to support their well-being and social mobility.

Baroness Rebuck (Lab): My Lords, I beg leave to ask the Question standing in my name on the Order Paper, and I remind the House of my interests on this issue.

Baroness Evans of Bowes Park (Con): Being able to read well is essential. Poor literacy is associated with higher levels of unemployment and poorer health and well-being. We are improving literacy provision from early years through to adult education. More than 250,000 adult women achieved an English qualification, paid for by the Government, in the academic year 2013-14.

Baroness Rebuck: I thank the Minister for her reply, but we are in a perilous position. Literacy skills for 16 to 24 year-olds in England are at the bottom of the OECD charts, and we are one of the few countries where young people underperform their elders. More young women than men are not in education, employment or training and 70% of lone parents—mostly women—without qualifications are unemployed. Will the Minister tell the House how the Government are helping these vulnerable young women and their children break the cycle of underachievement? What does she believe will be the impact on the learning opportunities of the 9 million adults in England with poor basic literacy skills of the withdrawal of funds from many front-line literacy charities and the closure of libraries in some of our most deprived communities?

Baroness Evans of Bowes Park: I thank the noble Baroness for her question which covered quite a range of issues. In changing our approach, we are ensuring that all 16 year-olds who do not get at least a grade C in English GCSE continue to study English, so we are looking to improve attainment at that level. As a result of that change, over 2,300 more girls achieved an English GCSE last year than the year before. We are doing a lot of work in local communities, including continuing to invest £200 million a year in community learning, which is specifically aimed at engaging people who are disadvantaged. Seventy-two per cent of the participants in that programme are women, so we are working within schools and in community projects to ensure access to literacy for as many women as possible.

Baroness Perry of Southwark (Con): What are we doing with very young children coming into education to strengthen their literacy skills so that we do not have a repeat of this generational problem?

Baroness Evans of Bowes Park: We are committed to improving literacy skills, which is why the Secretary of State has said that by 2020 we want all children in England to be the best readers in Europe. We have made important changes at primary school to ensure that children are improving their skills. We also know that children need help from their parents, so we are also trying to focus on improving parents' literacy skills. We have supported more than 100,000 learners, the majority of whom were female, in family learning programmes to help them with their literacy. We know from studies that that means they feel better able to support their children and to help them get the advantages they need.

Baroness Massey of Darwen (Lab): How many initiatives exist to support women whose first language is not English?

Baroness Evans of Bowes Park: I thank the noble Baroness for her question. The Government provide more than £104 million to fund courses in English for speakers of other languages in England. They cover literacy skills, including reading. In 2013-14, nearly 100,000 women participated in such courses and women make up two-thirds of all participants.

Lord Tebbit (Con): My Lords, is it not also essential to make plans to improve the reading skills of 16 to 24 year-old boys and young men to ensure that they have a good start in life and to support their well-being and social mobility?

Baroness Evans of Bowes Park: Yes, it is absolutely important. In fact, girls are doing remarkably well. Eighty-two per cent of girls achieved an A* to C in English GCSE compared to 67% of boys, so it is certainly true that we need to pay as much attention to the education of boys as to that of girls, which is why we have introduced a range of improvements to the educational system. We now have more than 1 million more children in good or outstanding schools.

Baroness Royall of Blaisdon (Lab): The Government are clearly committed to improving literacy. How can the Minister square the circle with the closure of so many libraries up and down the country? She also mentioned the importance of family literacy. How can she square the circle with the closure of so many children's centres up and down the country, which nurtured such things as literacy for families?

Baroness Evans of Bowes Park: In 2014 we launched a children's centres pilot to see how children's centres can better motivate disadvantaged, low-skilled parents, many of whom are women, to get the English and maths skills that they need. We consider reading for children to be extremely important. That is why we are delighted to work with Penguin Classics, which has launched its Classics in Schools initiative, giving schools access to classroom sets of up to 100 titles at a reduced price so that children have access to a wide range of interesting and exciting literature.

Baroness Burt of Solihull (LD): Does the Minister agree that reading skills, aspirations and well-being for young women can all be enhanced by including more inspirational women in all curriculum fields, science and technology as well as literature? Following the outcry after only one woman, Mary Wollstonecraft, appeared on the politics A-level curriculum, will the Minister undertake to look again at the curricula across education so that we can inspire young women in every area of endeavour?

Baroness Evans of Bowes Park: I am sure the noble Baroness will be pleased that after our consultation on the politics A-level syllabus, while three core philosophies will be studied—socialism, liberalism and conservatism—schools can choose from additional schools of thought, which include feminism.

Baroness Wheatcroft (Con): My Lords, many women who are sent to prison have a low level of literacy. What steps are being taken to ensure that when these women leave prison they are effective in reading and writing, a move that might lower the depressingly high rate of recidivism?

Baroness Evans of Bowes Park: My noble friend is absolutely right. We find that many offenders, and indeed many women in difficult circumstances, who perhaps have suffered from drug and alcohol abuse, have low-level literacy skills, which is why many rehab centres are now realising the importance of including reading skills as part of the treatment and programmes that they provide to the women who use their services. We are seeing reading and writing becoming increasingly central to those programmes, and the Secretary of State for Justice is committed to improving education in prisons. I am sure we will see great improvements within the prison estate.

Women: Representation

Question

2.52 pm

Asked by ***Baroness Gale***

To ask Her Majesty's Government what measures they are planning to take to increase the representation of women in political and public life.

Baroness Evans of Bowes Park (Con): My Lords, International Women's Day is the perfect opportunity to celebrate the achievements of women in the UK. We now have more female MPs than ever before and more women in the top posts across government. However, we are not complacent, which is why we are taking steps to encourage talented women from all backgrounds to consider politics or public life as a potential career, including setting a clear aspiration that 50% of new public appointments should go to women.

Baroness Gale (Lab): I thank the Minister for her reply. I agree that progress has been made, but it is all very slow and we need to accelerate the participation of women, as she said. Does she agree that having a gender balance in all our elected institutions would mean that we were using the best of all the talents that this country has to offer? To achieve that aim, will she join me in signing up to the UN's theme for International Women's Day, which is its pledge for parity: "Planet 50-50 by 2030"? If that target is achieved, it will mean that in 15 years' time we will have a much better balanced democracy that reflects the electorate of this country.

Baroness Evans of Bowes Park: I thank the noble Baroness for her Question. I agree that organisations make the best decisions when they have a mix of skills, backgrounds and experiences. Increasing women's political participation is extremely important and helps create female role models. I was struck by the noble Baroness's comment in our debate last night that in 2003 the Welsh Assembly became a world leader as the first democratically elected institution to have 50% women members. I think that we all want to follow that example.

Lord Robathan (Con): My Lords, will the Minister acknowledge the organisation for which Emmeline Pankhurst was parliamentary candidate for Stepney upon her death in 1928, and of which Margaret Thatcher became the leader a very long time ago in 1979?

Baroness Evans of Bowes Park: I am very happy to acknowledge the achievements of the women that my noble friend mentioned. We now have the most gender-diverse Parliament in British history. We have more female MPs than ever before and more women in top posts. In fact, 26% of all candidates who stood at the last election were women.

Lord Dannatt (CB): My Lords—

Baroness Lister of Burtersett (Lab): My Lords—

Baroness Hussein-Ece (LD): My Lords—

Baroness Pitkeathley (Lab): My Lords—

Lord Morgan (Lab): My Lords—

The Lord Privy Seal (Baroness Stowell of Beeston) (Con): As one of those top women, I thought I might as well stand up. It is the turn of the Cross Benches.

Lord Dannatt: My Lords, is the Minister aware of the speech made by the Chief of the General Staff today to mark International Women's Day, in which he recommended to Ministers that all appointments in the Army, including close-combat roles, should be open to women? I wonder what Her Majesty's Government's response to that recommendation by the Chief of the General Staff will be.

Baroness Evans of Bowes Park: My Lords, I thank the noble Lord for that question. We are waiting for the results of the physiological study before we give a full response but I am certainly happy to acknowledge that we have 15,550 women in the Armed Forces, who do a fantastic job serving our country.

Baroness Hussein-Ece: My Lords, it is very clear now that more women than ever are needed in post-conflict peacebuilding. Can the Minister say how much progress we are making with Diplomatic Service heads of mission in this country? Are efforts being made to attract more young women to enter the service and to crack the glass ceiling in areas such as the FCO? It is said that diplomacy is a man's world—could she please tell us otherwise?

Baroness Evans of Bowes Park: I am not sure that it would be very diplomatic of me to say one way or the other whether women or men are better at diplomacy so I will sit on the fence on that one. But I absolutely agree with the noble Baroness that we want to encourage more women, both into our Diplomatic Service and across public services. Since 1996, the percentage of women in the senior Civil Service has more than doubled, with women now representing more than 40% of those employed at that level—but I agree that we must do more.

Baroness Morgan of Ely (Lab): My Lords, does the Minister agree with the comments made this morning by the Employment Minister Priti Patel that women who want to leave the EU are like suffragettes? Does she agree that suffragettes would not have wanted to leave the top table of the EU, where we are involved in making laws on such issues as rights for part-time workers and maternity leave, which have benefited women in the United Kingdom?

Baroness Evans of Bowes Park: I thank the noble Baroness for her question. I will not speak for the suffragettes—I would not presume to do so—but it is extremely important that women have a voice in all public debates, because often they are the voice of rationality.

Lord Lexden (Con): My Lords, is it not worthy of note that two out of the three devolved Governments in our country are now led by women?

Lord Foulkes of Cumnock (Lab): The wrong women.

Baroness Evans of Bowes Park: My noble friend Lord Lexden makes a very good point and I am happy to agree with him.

Baroness Hayter of Kentish Town (Lab): My Lords, the first aspect of women becoming involved is surely the ability to vote. But between March 2014 and December last year, 750,000 people dropped off the register. Can the Minister tell us how many of those are women and can she commit the Government to taking all action possible to make sure that women—and men—are back on the register in time to vote in the European referendum in June of this year?

Baroness Evans of Bowes Park: I absolutely agree that we want to encourage as many young people to vote as possible. I am afraid that I do not have the figures that the noble Baroness asked for but I will happily attempt to find them for her. But what is also important is not only that people vote but also to make sure that the organisations that they vote for are representative of the general population, which is why it is great news that we have the most gender-diverse Parliament at the moment. But we need to encourage more women to get involved in public life, particularly at local authority level, where only 31% of local councillors are women.

Baroness Lister of Burtersett: The suffragette Hannah Mitchell said that women will continue to be held back so long as they operate with one hand tied behind their back—that is, they have the main responsibility for care in the home. What more will the Government do to encourage men—fathers and others in the home—to do more of the caring and to take up paternity leave, which they are not doing at present?

Baroness Evans of Bowes Park: The noble Baroness has hit the nail on the head. We are trying to encourage a more flexible labour market, which is why we are extending flexible working and are looking to extend how families can choose to use maternity and paternity leave. It is for families to decide how they best want to structure how they look after their children. But we need to try to make it as easy as possible for parents to make those decisions so that they can both enjoy looking after and bringing up their children.

Baroness Jenkin of Kennington (Con): My Lords, is my noble friend aware of research released by the Fawcett Society today showing that men are twice as likely as women to say that they are confident enough to stand for public office? For standing as a councillor the figures are 23% as against 10% and for standing for Parliament they are 18% as against 6%. I appreciate that this is mostly a matter for the political parties to address but does my noble friend agree that government has to play a role in encouraging that 6% to come forward?

Baroness Evans of Bowes Park: Yes, I agree with that. We certainly want to encourage young women to build those confidence skills. We are, for instance, working with Debate Mate in schools to encourage girls to participate in debates at an early age to make sure that they realise their ambitions and, if they want to get involved in public life, that they have the confidence to do so.

Aircraft: Laser Pointers

Question

3 pm

Asked by ***Lord Dubs***

To ask Her Majesty's Government what action they propose to take to safeguard aircraft from laser pointers.

Lord Dubs (Lab): My Lords, I beg leave to ask the Question standing in my name on the Order Paper. In doing so, I acknowledge the comments that have been made to me by many noble friends—that it might have been better if all four Questions today had been about International Women's Day.

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills and Department for Culture, Media and Sport (Baroness Neville-Rolfe) (Con): The Government are urgently drawing together a plan to tackle the issues relating to the noble Lord's Question to ensure the safety of both consumers and aircraft, including consideration of legislative options. However, people have recently been sentenced to prison terms under existing legislation for the misuse of lasers in connection with aircraft.

Lord Dubs: My Lords, can the Minister tell us what it is about these lasers that makes them a legitimate and legal item to be available for sale? Does she not agree that anything so dangerous that it could bring down an aircraft should not be available for sale and capable of entering the hands of either idiots or people with malice—that is, terrorists?

Baroness Neville-Rolfe: I agree with the noble Lord. There are of course many legitimate uses for laser products in the professional field—for example, in research and construction—and indeed in consumer products, but our primary concern, as I think is the noble Lord's, is laser pointers, where we agree that the need for powerful lasers is questionable. We will take that into account in looking at legislative options.

Lord Brabazon of Tara (Con): My Lords—

Lord Bradshaw (LD): My Lords—

Lord Naseby (Con): My Lords—

The Lord Privy Seal (Baroness Stowell of Beeston) (Con): My Lords, I think that my noble friend Lord Brabazon was first on his feet.

Lord Brabazon of Tara: My Lords, is not the problem that the lasers to which the noble Lord, Lord Dubs, referred are in fact not for sale legally in this country? They are powerful, but there is nothing wrong with the not-powerful ones. The problem is that they are bought on the internet. Should we not look at a way of making it illegal to buy them?

Baroness Neville-Rolfe: My noble friend is right: it is illegal to sell unsafe laser pointers to consumers in the UK. Of course, the internet, which brings huge opportunities, also brings problems of control. That is why we have recently been looking across the board at the different aspects—the sale, use and possession—of these dangerous lasers to see whether we need to adjust the legislative framework that we already have in the areas of consumer goods and aircraft.

Lord Bradshaw: My Lords, as somebody who has worked all his life in all modes of transport and was responsible for safety in many of them, might I ask the Minister to take very seriously not only lasers but drones? We are almost at the point where drones could readily deliver explosives into this building, and it will certainly be possible for them to do so within a year or two. This is not a matter to be discussed at a fairly low level; it is a threat that should be addressed urgently.

Baroness Neville-Rolfe: I thank the noble Lord and will certainly pass on his comments about drones. Of course, sadly, there is always a risk with these potentially dangerous objects, whether they are drones, guns or lasers, and you need to look carefully at the regime and at whether their sale, possession or use is being regulated in the right way. Most importantly, you need to look at whether the law is being enforced, and we are trying to focus on that as well.

Lord Stirrup (CB): My Lords, of course technology exists to counter laser dazzle and it has been used by the military for some time. I saw a report that Airbus was examining the use of protective film on its aircraft windscreens last year or perhaps the year before. Can the Minister update the House on where this technology has got to and its applicability to civilian aircraft?

Baroness Neville-Rolfe: We are also looking at this technology for exactly the reasons that the noble Lord suggests. The possibility of putting film on aircraft windows and/or using such film for goggles or spectacles is being progressed by a number of operators. We are very interested in that and are looking at it as part of the work we are doing on finding the right regime for these dangerous lasers.

Lord Stevenson of Balmacara (Lab): My Lords, we support the measures being taken by the Government to look at this very serious issue. However, I am a bit surprised that the discussion so far has been limited to aircraft. Is not the problem one that also affects trains, goods vehicles and private cars, and therefore a wider scope is required? It is only a matter of time, we think, until somebody dies as a result of this.

Baroness Neville-Rolfe: The noble Lord is right and, under general product safety regulations and transport legislation, we of course look at all these areas. Clearly, there have been recent incidents involving aircraft, which have concerned us all, but, equally, this could apply to trains, lorries or even cyclists, I suspect.

Lord Naseby: My Lords—

Baroness O'Cathain (Con): My Lords—

Baroness Stowell of Beeston: I think that my noble friend Lord Naseby has given way to my noble friend, who was the chair of the Select Committee that looked into this matter.

Baroness O'Cathain: Thank you. The real problem is that although the Government reacted very positively when the Select Committee made its report on drones and an action plan was created, nothing has happened. While nothing is happening here, we may be sure that everything is happening in those other countries that are manufacturing drones. Will the Minister try to get some oomph into this, otherwise we really will be in a sad situation?

Baroness Neville-Rolfe: My Lords, I always like a challenge and I will certainly take that challenge back. Of course, it is important in these areas to work at an EU and global level because there are now no boundaries and safety has to go beyond the UK.

Employment Allowance (Increase of Maximum Amount) Regulations 2016

Employment Allowance (Excluded Companies) Regulations 2016

Social Security (Contributions) (Limits and Thresholds Amendments and National Insurance Funds Payments) Regulations 2016

Immigration (Health Charge) (Amendment) Order 2016

Motions to Approve

3.07 pm

Moved by ***Lord Ashton of Hyde***

That the regulations and order laid before the House on 25 January and 4 February be approved. Considered in Grand Committee on 2 March.

Motions agreed.

Supply and Appropriation (Anticipation and Adjustments) Bill

Second Reading (and remaining stages)

3.07 pm

Bill read a second time. Committee negatived. Standing Order 46 having been dispensed with, the Bill was read a third time and passed.

Housing and Planning Bill

Committee (4th Day)

3.09 pm

Relevant document: 20th Report from the Delegated Powers Committee

Clause 8: Definitions

Amendment 54

Moved by ***Lord Beecham***

54: Clause 8, page 5, line 29, at end insert ", and without unreasonable cost"

Lord Beecham (Lab): My Lords, we begin further deliberation on this important Bill with what your Lordships will be pleased to hear is likely to be a short debate begun with an even shorter speech by me from the Opposition Benches in moving Amendment 54. It deals with Clause 8, which concerns self-build and, effectively, co-operative housing schemes and relates to the Self-build and Custom Housebuilding Act 2015. Clause 8(4) defines a serviced plot of land on which such schemes will be built as one having,

"access to a public highway and … connections for electricity, water and waste water",

or where these,

"can be provided … in specified circumstances or within a specified period".

The amendment would add to those important conditions "without unreasonable cost"; in other words, permission should not be automatic unless the connections, which are clearly vital to any development, can be provided at a reasonable cost.

I am glad to see that the seventh cavalry, in the form of the noble Viscount, Lord Younger, has arrived to support the noble Baroness at this point. The noble Baroness was—I was going to say "manfully", but on International Women's Day that would not be the right adverb—boldly carrying out her responsibilities without much support on the previous occasion. We should recognise that this is a big Bill and a big responsibility, and I am glad that the noble Baroness has her noble friend's support this time.

Can one or other of the Ministers—I take it that it will be the noble Viscount opposite me—clarify the position on funding? Is the community infrastructure levy available for such schemes, and will it be possible to continue to require contributions under Section 106 agreements, which many of us feel are being undermined by provisions, for example, in relation to starter homes and elsewhere? My own authority—I refer again to my local government interest with Newcastle City Council—only last month submitted its proposals for dealing with these matters as a policy for the local authority. The question arises as to whether these provisions would have to be taken into account if enacted, requiring further changes to the local scheme. I apprehend that there will be other local authorities with schemes already in place or being prepared around this area.

As a further and quite different point, I suggest that access to broadband be added to the requirements. There is a very uneven pattern across the country of accessibility to broadband. Some areas are simply not registering with adequate broadband connections. It would seem to me in this contemporary age almost as much a requirement as any of the others that are defined in subsection (4). Perhaps the Minister could consider this. I do not expect an answer off the cuff today, but perhaps he would take this matter back and see whether the Government would be prepared to accept this suggestion as an addition to the matters already raised.

Finally, the clause allows for regulations—yet again—to add further services; broadband might be one of them. Do the Government have anything in mind in that respect? Are other issues being considered and, if so, whom and when will they consult about any further changes? I suspect that this is not a case in which your Lordships will be desperately worried about secondary legislation coming forward, because it would only add to the provisions dealing with adequate connections and adequate development of sites rather than acting as a constraint on local authorities or other bodies involved in development. Nevertheless, it would be interesting to know whether there is anything in the Government's collective mind or even the departmental mind on these issues. I beg to move.

3.15 pm

Baroness Bakewell of Hardington Mandeville (LD): My Lords, I support the amendment and I hope that I will not disappoint the noble Lord, Lord Beecham, in making the debate too long. Unlike other sections, this section of the Bill has not yet exercised the Committee. I visited Exmoor National Park in the recess as it was taking part in a vanguard project on self-build. As part of that project, the park set up, as indicated by the Government, a self-build register, and there was surprise when 84 people registered. However, on further investigation, most of those people were found not to be in housing need at all and were living outside the park area. For example, one person living in Southampton with £350,000 to spare indicated that they would very much like to build in the park. On further investigation, only 15 of the 84 people were identified as being both local and having a housing need, but so far only one is coming forward for self-build who both works and has a rural connection, and therefore fulfils the local tie.

Exmoor is not an easy place to identify flat sites for development. Builders often complain about the difficulties of the terrain and the inaccessibility for their workforces. Nevertheless, the park authority has identified 250 home sites but accepts that not all will come forward for a variety of reasons. It has set up housing ambassadors in the community who are the first confidential point of contact. They will help identify people with housing need and they expect custom-build to come out of this initiative. Exmoor National Park is aware that self-build in the park area will usually require a larger plot, with a double garage. There are very serious concerns about how self-build will be financed as the local tie tends to put off banks and building societies. Even if there are people prepared and willing to engage in self-build, finance might not be available to them.

However, the real concern on Exmoor is that national parks are planning authorities but not housing authorities. They will have a duty to provide serviced plots of land, as listed in the Bill, but they are very concerned about how they will get money back from the investment in the infrastructure. Nowhere is that made clear. The amendment moved by the noble Lord, Lord Beecham, adding the words "and without unreasonable cost", is vital for the deep rural areas that national parks cover. National parks appear caught in an unrealistic position and do not have the resources to underwrite this policy. I suggest that the wording of "without unreasonable cost" ought to be "at no additional cost" and I support Amendment 54.

Lord O'Shaughnessy (Con): My Lords, I am grateful to the noble Lord, Lord Beecham, for moving this amendment—not, unfortunately for him, because I support it, but for the opportunity to spend a little time, I hope not too long, considering an underappreciated and potentially very important part of the Bill. I am also grateful to the noble Baroness, Lady Bakewell, for giving us an example about how it might work in practice.

In previous sittings of the Committee, my noble friend Lord Horam said that what we always need to remember in this debate is that this is a housing crisis caused by lack of supply, and it is through that lens I am thinking of how custom and self-build could contribute to solving that problem. This is an area of great potential. According to the impact assessment, only 8% of English homes—just 5,000 to 8,000 a year—were built under custom or self-build under the current regime compared with about 30% in the US and 50% in some parts of Europe and Scandinavia. At the moment, it is a cottage

[LORD O'SHAUGHNESSY]
industry, but, as other countries show, it could be a game-changer. It could be the biggest deliverer of housing in the country. Critically, it offers an opportunity for a diversity of design that is much more sympathetic to local surroundings than perhaps is the case with some of the big builders, which produce houses to a template. One of the main reasons that people object to local housing is because it does not fit into the local vernacular.

According to Ipsos MORI, around 1 million people would like to take action to build their own homes. That might be a little optimistic, but it is an indication that there is a real groundswell out there. Indeed, the housing vanguards that the Government have established seem to have been quite popular, with an average of 80 people signing up to the registers of land to build on within the first four months of their opening, which I think coheres with what the noble Baroness, Lady Bakewell, was saying. Some interesting examples are given of what that has meant.

If this is what we want to see happen, we have to will the means as well as the ends. The truth is that the crash has been brutal to SME housebuilders who will ultimately deliver many of these houses. They declined by 49% between 2006 and 2013, and as the noble Baroness, Lady Bakewell, said, they find it difficult to access finance because they are undercapitalised. This is a really critical aspect which I think is underappreciated. There is also the factor of planning delay. The *FMB 2015 House Builders' Survey* of the Federation of Master Builders showed that 68% of respondents said that planning delay was significantly impacting on their ability to deliver houses. So that is the backdrop against which we are looking at this part of the Bill.

Turning to the amendment, I feel that at best it is not necessary because there are provisions for making sure that serviced plots are made available with the costs recovered by the local authority. That is my reading of it, but it would be useful to have clarification from the Minister. At worst it could become another barrier, and I think we need to be very conscious of building extra barriers into the process when we are trying to liberalise the system. We need to make it easy for local authorities to embrace the idea, and indeed make it easy for potential homeowners to take this opportunity.

My one concern with where we are in the Bill is about the timetable for compliance by local authorities, or rather the lack of it. I would like us at least to consider whether the timetable ought to be on the face of the Bill, but we have been told that it will be set out in secondary legislation. It would be useful to understand what the timetable might look like so that we know that local authorities will be held to account for their performance in delivery. If the timetable is not tough enough, I am sure that is something noble Lords will want to consider while we are looking at the primary legislation. It would also be interesting to hear about what the Government are doing to provide capital support for SME builders. When we talk about self-build, it is not literally self-build. While there will be a few handy people who can build their own walls, most will commission a local architect and builder, but as we know, there are not enough of them. A variety of schemes are available to help the big builders capitalise, but not enough for the smaller ones. What will the Government do in that area?

As I say, the Government are providing the right mechanisms, but we need to will the means for this to happen. There is a right for citizens, which is fantastic, but we need a time-bound obligation to be put on local authorities as well as some financial support or at least underwriting to help the builders. I look forward to hearing the Minister's comments.

Lord Taylor of Goss Moor (LD): My Lords, I want to associate myself with the comments just made and those of others who have spoken to this amendment. My own view has long been that in looking at the underprovision of housing in this country, the primary issue is not enough land being made available for the homes we so desperately need. Particularly for large parts of the market, the unaffordability of a home is generated by the cost of land in a market which has been so rationed and underprovided; the cost has escalated out of all proportion. Many people in this country can afford the bricks and mortar of a home because they do not cost that much. It is the price of the land that has made those homes unaffordable.

In other parts of Europe and indeed around the world, self-build or commission-build is more common. There is confusion about these terms: we are not necessarily talking about people putting in the time and labour themselves, because they may well commission an architect and a builder to design and build the home of their dreams. If they can get a plot, not only can they get the design that is right for them but such designs often have much higher environmental qualities than would otherwise be delivered. Furthermore, this takes out the profits made by speculative land developers and large housebuilders. Small local housebuilders will be prepared to build at rates of profit that the big firms would not even consider.

As I say, in the rest of the world a much higher proportion of high-quality homes are being brought forward in this way, precisely because land is accessible and available. When my former secretary from when I was an MP retired, she and her husband sold an old farmhouse outside St Austell and looked to build a home appropriate to their needs in old age, on a plot anywhere around St Austell. They were unable to get a single plot on which they could build such a home because the housebuilders who owned the plots said, in many cases, that they were not prepared to have them build their own home to the high environmental standards they wanted. Others said, "You can build a home for yourself there, but it has to be our design. It has to look exactly like all of the other houses". They ultimately ended up building a home of their own in France. The big difference was that land was in ready supply.

What the Government are seeking to do is right. My view—the Government are well aware of this—is that, to do it on the scale we need at land prices that will be affordable for many people, we need to enable people to have serviced plots in fantastically well-designed new settlements, where the value of the land has been captured in making a great place, rather than taken by the landowner for their place in Bermuda—or, if it is on a large scale, their helicopter and island near Bermuda.

The amendment touches on an important issue, and the Government are right to go down the route of making it easier for self-build and commission build to take place. To do that, we need serviced plots. It is right that this should be part of the obligations on local authorities to bring land forward. But that will not by itself answer the question of affordability for the many people who will want to do this if we cannot find ways to make land available at a price that will allow those who may have only modest means, but can afford the bricks and mortar of a home, to get a plot on which they can afford to build.

Viscount Younger of Leckie (Con): My Lords, we have debated with some intensity in Committee so far the need to build more homes, covering a range of tenures. There can be no doubt about the Government's commitment. Promoting and supporting self-build and custom housebuilding is important in delivering that commitment. Doubling the amount of self-build and custom housebuilding by 2020 will not only result in more homes, but provide much-needed business for the smaller householder and housebuilder. More custom build housing will help drive innovation in alternative building techniques, and support and create new jobs.

We have made a positive start. The Self-Build and Custom Housebuilding Act 2015, which was guided through this House by the noble Lord, Lord Best, will come into force on 1 April this year, when local planning authorities must hold a local register of people seeking land for self-build and custom housebuilding, and have regard to that register when carrying out their housing, planning, land disposal and regeneration functions. This Bill is the next step: its self-build and custom housebuilding provisions will provide a much-needed definition, establishing that the essential criteria of all self-build and custom housebuilding is that the individuals have a significant input into and choice over their finished home, and intend to live in it as their main or sole property.

I know that one of the most significant barriers preventing more people building or commissioning their own home is access to land. As the noble Lord, Lord Taylor, pointed out, this is very much an issue. We appreciate his general support for this part of the Bill. These provisions will place a new duty on local authorities, requiring them to give development permission—suitable for self-build and custom housebuilding—for enough serviced plots of land to match the demand on their register. But I recognise that there may be some areas where the demand for self-build and custom housebuilding will far outstrip the available land supply. So, to ensure that we continue to protect the environment and build only sustainable developments, we must be able to exempt relevant authorities that are simply unable to permission sufficient land to meet demand for self-build and custom housebuilding.

As a result, Clause 10 will insert a new section into the Self-Build and Custom Housebuilding Act 2015, which will enable relevant authorities to apply to the Secretary of State for an exemption from the duty to permission sufficient land to match demand for self-build and custom housebuilding in their areas. The detail of the exemption will be set out in regulation.

3.30 pm

I thank the noble Lords, Lord Kennedy and Lord Beecham, for the opportunity to discuss the financial implications of the self-build and custom housebuilding policy. I agree with them that it is important that local authorities are protected from disproportionate or unreasonable burdens. The reason the Bill requires local authorities to permission suitable serviced land is that people wanting to build or commission their own home usually want to be able to start building as soon as they have purchased their plot of land. It is therefore important that the plot of land they buy is ready, or can quickly be made ready, for development.

The price paid for the land by the prospective self-builder or custom builder will, of course, reflect the actual cost of servicing that land. Hence, the landowner should be able to recoup what they have spent servicing the land at the point of sale. Land where the cost to put in basic services would be greater than its final market value would not be considered as suitable land and the local authority should seek alternative sites to permission in order to comply with their duty. A local authority should never feel that it has to permission land with very high service costs simply because there are insufficient areas more suitable for development. I draw attention to Clause 10, whereby we intend to create an exemption system for areas with a high demand for self-build and custom housebuilding and very limited land for development.

The Bill does not require the local authority itself to service the land. In many cases, including where it is the authority's own land, we would expect the authority to work with a developer to put in the services, with the cost reflected in the sale price of the land. I hope that this will reassure the noble Baroness, Lady Bakewell. I know that my noble friend Lord O'Shaughnessy recognised this in his short intervention. Our £150 million serviced plots loan fund is available to builders, contractors, developers, registered providers, community land trusts and community organisations. Local authorities can also bid for funding, provided that they partner with a third party which can comply with the eligibility criteria. I strongly encourage local authorities to work proactively with such organisations in their areas in order to take advantage of this loan.

We believe that the amendment is unnecessary because the Government are providing local authorities with money to cover any new burdens in order to ensure that they can comply with the new duty. We are also enabling authorities to charge those on the register a fee which will cover the genuine costs incurred by the authority. The noble Lord, Lord Beecham, asked whether the Section 106 agreements will apply. I can confirm that they will, as long as they do not undermine the viability of the scheme. He also asked about a potential exemption relating to community infrastructure. I can confirm that that is the case.

I was struck by the speech of the noble Baroness, Lady Bakewell, and the example she gave of Exmoor. I have some sympathy; it is very much for the local areas to look at such an area of great beauty and work our between them which sites would be suitable, or unsuitable, for development on that basis. She also raised concerns about how self-build is financed.

[Viscount Younger of Leckie]

My noble friend Lord O'Shaughnessy raised the issue of the timetable. Until the registers are in place and we can really understand the level of demand, it is hard to predict the impact of this legislation on the ground. We therefore need to wait until the registers are in place and as such, it is entirely appropriate that the detail is in the secondary legislation, so that it can be changed if necessary. Much of that regulation, including on fees and the time given to authorities, will be debated in both Houses so there will be further opportunities for input.

The noble Lord, Lord Beecham, raised the interesting and important question of whether servicing will include broadband. The Secretary of State has a regulation-making power to amend the definition of a "serviced plot of land" to add other services. At the moment, he has restricted the definition to electricity, water, waste water and highways, because we do not want to be prohibitively burdensome. The aim, after all, is to encourage more plots of land to be found. However, if broadband ought to be added in the future, we can certainly return to that issue. I believe I have covered the questions that were asked and I therefore ask noble Lords to withdraw their amendment.

Lord Kennedy of Southwark (Lab): Will the noble Viscount say a little more about the point on planning delay made by the noble Lord, Lord O'Shaughnessy? He has made that point a number of times in the Chamber. I am a member of a local authority and I do not necessarily agree with him but it is important to clarify the issue. As this is my first intervention today, I declare that I am a local councillor in the London Borough of Lewisham, a trustee—this is particularly relevant to what we are discussing—of the United St Saviour's Charity, which runs a number of supported housing schemes in south London, and a member of the Co-operative Party.

Viscount Younger of Leckie: The noble Lord, Lord Kennedy, makes a good point. I stress that powers to speed up planning are included later in the Bill. My noble friend Lord O'Shaughnessy made a good point. It is very important that we speed up planning.

Lord Kennedy of Southwark: On that point, I am a member of a planning committee. Most of the planning matters go through under delegated powers; very little comes through committees now. I do not see this delay.

Lord O'Shaughnessy: I knew that I would run into trouble when I mentioned planning and local authorities, given how many noble Lords represent, or have represented, local authorities. Page 21 of the impact assessment states:

"In June 2015, 68% of respondents in the quarterly survey of homebuilders, conducted by the Home Builders Federation—

which, obviously, may have a dog in the fight—

"considered planning delays a major constraint".

Lord Kennedy of Southwark: I thank the noble Lord for that. I can see that we are not going to agree on this because I just do not see the delays that he referred to. This is an issue for regional planning committees and planning departments. Certainly, in Lewisham many plots of land have multiple planning permissions but they are not being built on. That is the problem.

Viscount Younger of Leckie: My Lords, to complete this short debate, I repeat that the issue of planning will come up later on in the Bill. But I make the point that compulsory purchase orders can slow up planning. This is one of the issues that we are looking at in order to speed up the planning process.

Lord Beecham: My Lords, I am grateful to all noble Lords who have participated in this debate. I am glad that the noble Viscount is connected with broadband up to a point. But perhaps he will go a little further and be more proactive than reactive and initiate discussions with the sector about whether this would be a useful addition rather than wait for somebody to pop up with the idea in due course.

The noble Lord, Lord O'Shaughnessy, referred to capacity in planning departments and my noble friend made some response to that. It is the case that there are several hundred thousand outstanding planning permissions up and down the country, where builders have done nothing and are presumably sitting on rising land prices and what they hope will be the rising price of constructed buildings. But, in addition, local authorities with housing planning responsibilities face very large cuts in their budgets. It will be difficult to sustain the planning function—or, indeed, any other function—to the extent which is desirable. That has to be a real concern.

The Government need to bear in mind the possibly self-serving response of the builders, which has been referred to, and lean on their political friends—not normally to be found on this side of the House—to ensure that authorities have the wherewithal to meet these new responsibilities. There is such a thing as the *New Burdens Doctrine*. We are getting the burdens but not the outcome of the doctrine, which is that these additional responsibilities should be funded.

I will end on a slightly different note, which is more of a question. Again, I do not anticipate an answer. During the discussion and the emphasis on the value of self-build and community schemes of this kind, which I entirely endorse, it struck me that there is the possibility here of involving those bodies—further education colleges and the like—which train people in construction industry skills to enable them to get involved in these projects. This may be useful in terms of the cost of a project and in training much-needed skilled workers to carry out not only this kind of work but others as well. Perhaps the Minister would ask his officials to look at this—not immediately, as it is not a crucial issue at the moment—to see whether the industry and training bodies such as FE colleges and others could be persuaded to look at this small area. This might help get both the buildings on the ground and the skills in the industry.

Viscount Younger of Leckie: I agree with the important points raised by the noble Lord about skills and I will certainly take them back to the department. There are other, broader issues of developing skills such as architecture. The noble Lord has made some very good points.

Lord Beecham: My Lords, that being the case I beg leave to withdraw the amendment.

Amendment 54 withdrawn.

Clause 8 agreed.

Clauses 9 to 11 agreed.

Amendment 54A

Moved by ***Baroness Parminter***

54A: After Clause 11, insert the following new Clause—

"Carbon compliance standard for new homes

(1) The Secretary of State must within six months of the passing of this Act make regulations under section 1(1) of the Building Act 1984 (power to make building regulations) for the purpose of ensuring that all new homes in England built from 1 January 2018 achieve the carbon compliance standard.

(2) For the purpose of subsection (1), "carbon compliance standard" means an improvement on the target carbon dioxide emission rate, as set out in the Building Regulations 2006, of—

(a) 60% in the case of detached houses;

(b) 56% in the case of attached houses; and

(c) 44% in the case of flats."

Baroness Parminter (LD): My Lords, the Government's attempt to solve the current housing crisis needs, at the same time, to address the issue of what types of homes are built. They should be of high quality and high energy efficiency standards which drive down future energy bills, help to protect against fuel poverty and provide healthy living environments. The Explanatory Notes to the Bill make it clear that its principal aim is to bring forward proposals that make homes more affordable. This laudable aim was dealt a serious blow by the scrapping of the zero-carbon homes policy by the Chancellor last July. Without this standard, which until last July had cross-party and cross-industry support, the new homes promised by the Government will not be as affordable as they might be. They will lock their owners into a cycle of higher fuel bills and the need for costly retrofits. The amendment requires that all new homes built in England from 1 January 2018 achieve the previously agreed zero-carbon homes standard.

Reinstating this housing standard will not only help keep homes affordable for the long term, it will help meet our legally binding climate commitments. We are committed to reducing UK emissions by 50% by 2025. Buildings accounted for 34% of the UK's total greenhouse gas emissions in 2014, with 64% of building emissions coming from homes. It is in the building sector that most of the cost-effective potential carbon savings are to be found. Housebuilding must, of course, remain financially viable for the private sector, which will deliver the bulk of future housing. Yet the scrapping of zero-carbon homes by the Chancellor was not accompanied by any evidence that building homes to that standard would affect the speed at which the UK can build new homes. Indeed, evidence to the House of Lords Select Committee on National Policy for the Built Environment showed that the removal of the zero-carbon homes requirement has generated uncertainty for homebuilders. Moreover, they were provided with no clear evidence that the removal would lead to an increase in housebuilding. This evidence persuaded the committee—and I declare an interest as a member—to call on the Government to reverse the decision to remove the requirement for new homes to generate no net carbon emissions.

Reinstating the zero-carbon standard would help deliver affordable homes for the long term, and not burden occupants with needlessly high energy bills. This would also make the UK's statutory greenhouse gas emission targets more achievable. Post-Paris, it is surely time for leadership and not backsliding. I beg to move.

Lord Krebs (CB): My Lords, I support the amendment. I put my name to it because I believe that, as the noble Baroness, Lady Parminter, said, we have an opportunity to ensure that the proposed 1 million new homes are not just suitable for their immediate occupants but for the long term. I declare an interest as a member of the Committee on Climate Change and the chair of its adaptation sub-committee. The committee, established under the Climate Change Act 2008, is the statutory body that provides advice to the Government on how to achieve the legally binding target, already referred to, of reducing our greenhouse gas emissions by at least 80% below 1990 levels by 2050. The adaptation sub-committee advises the Government on how to prepare for the inevitable impacts of climate change.

3.45 pm

I thank the Minister for the meeting we had on 3 February and the associated exchange of letters. In my capacity as chair of the adaptation sub-committee, I wrote to the Minister on 21 December to set out my concerns. I said in my letter:

"Housing built now will exist for many decades, if not a century or more. Choices on where to build, how homes are insulated, are heated in winter and kept cool in summer will have lasting consequences and will be difficult and costly to change. There is an opportunity through this Bill to make sure that the aspiration to build an extra one million homes by 2020 does not come at the expense of burdening their occupants with long-term costs and climate impacts, whilst also rendering the UK's statutory greenhouse gas emissions targets more difficult to achieve. We have to be confident that the new homes will be as energy and carbon efficient as possible, whilst also resilient to the impacts of climate change".

I went on to say, specifically about heating and energy efficiency, the purpose of this amendment:

"In ending the programme of work and policies associated with Zero Carbon Homes the Government threw away many cost-effective aspects that had widespread industry support. The EU Energy Performance Directive from 2021 will introduce a 'nearly zero energy' requirement. The Bill should build"—

excuse the pun—

"towards this by requiring new homes to go beyond the current Part L requirements".

As an aside, Part L requirements are the part of building regulations that deal with conservation of fuel and power, dating to 2006. I went on to say:

"At the same time, the new housing should begin to achieve the widespread adoption of low carbon heating that is needed. The uptake of low carbon heat should be consistent with what is needed to meet the fourth carbon budget",

which has been legislated and is now binding on the Government.

The matter is really very simple. Why build homes now that will not be fit for purpose in a few years' time? To me, it is a no-brainer—we should be thinking

[LORD KREBS]

of the future. As the noble Baroness, Lady Parminter, said, it is not as though the industry objected to the concept of zero-carbon homes; in fact, there was widespread support. When the initiative was abolished, Kate Henderson, chief executive of the Town and Country Planning Association, said:

"The cancellation of the policy marks the end of any benchmark for building the high quality, sustainable homes that we so desperately need".

Paul King, managing director of sustainability, communications and marketing for the developer Lendlease Europe, said:

"Industry needs as much policy clarity and consistency as possible in order to invest and innovate, and after almost 10 years of commitment and progress, UK house builders and developers have come a very long way. It is therefore extremely disappointing that the Government has today removed a World-leading ambition for all new homes to be zero carbon from 2016".

So we have support for this; it is a no-brainer to prepare these homes for the future. Why should we not do it? Is it cost effective to build to a higher energy standard? My understanding is that under most likely scenarios, the extra building costs will be in the order of a few thousand—1% or 2% of the total cost of a new home. We heard much in earlier debates on the Bill about the affordability of housing. As the noble Baroness, Lady Parminter, has said, affordability is not just about the cost of purchasing the house but also of maintaining it, heating it and of retrofit if, in a few years' time, we decide that standards have to be increased.

The Minister's reply of 25 February to my letter and our meeting was somewhat less than clear. I hope that some clarification will be shed on it at the end of this debate. I quote what I think she said on energy efficiency as follows:

"During the last Parliament the standards were raised by 30%—most recent uplift only coming into effect in April 2014. This has been a big ask of the industry, which is why we are not taking forward a further uplift this year. We have also said that we will keep energy requirements under review".

But I think there has been enough review. We do not need to keep it under review; we need to act now through the Bill to bring about the necessary change.

I hope that the Minister will not only clarify the contents of the letter but will reconsider the Government's position and accept the principle of this amendment. To summarise, there are three reasons for that. First, as the noble Baroness, Lady Parminter, said, in order to meet our legally binding greenhouse gas emissions target, we will need to reduce the one-third of our emissions that come from buildings, two-thirds of those from homes. We have many old and poorly insulated homes that are proving hard to retrofit, so building new homes that are not of the highest possible energy efficiency, including the use of low-carbon heating, will simply make it more difficult to meet the 2050 target. If the Government are not prepared to add this amendment to the Bill, they should explain where else the savings are going to come from in meeting our 2050 target.

The second point is that the new homes will be cheaper to run if they are built to the highest energy-efficiency standard, reducing the risk of fuel poverty, as the noble Baroness, Lady Parminter, said. One estimate I have seen is that a zero-carbon three-bedroom semi would have an annual energy bill of £1,220 less than the equivalent Victorian house. So it would be a very short time indeed until the extra costs of purchase had been paid back through energy savings. Thirdly and finally, if we do not adopt the highest standards now, we will inevitably have to retrofit the houses in coming decades, which will be both costly and inconvenient.

If we do not adopt this amendment, I predict that home owners and policymakers alike will look back in 20 years' time and say, "Why didn't they just do it? What were they thinking of?".

Baroness Young of Old Scone (Lab): My Lords, I am very pleased to join the noble Baroness, Lady Parminter, and the noble Lord, Lord Krebs, in adding my name to this amendment. I declare an interest as a member of the Select Committee on National Policy for the Built Environment and, many years ago, as a founder member, with the noble Lord, Lord Krebs, of the adaptation sub-committee of the Committee on Climate Change.

It is rather bizarre. At a time when we are talking about building 1 million new houses by 2020, of which 200,000 will be starter homes and even, allegedly, some will be affordable homes, and we are planning to build at a faster rate than previously and for households that are likely to have lower incomes, George Osborne's cancellation of the zero-carbon policy, which had wide cross-party and industry support, represents a major missed opportunity. It is a missed opportunity to ensure that new homes make their contribution, as the noble Lord, Lord Krebs, said, to achieving our climate change targets and to ensuring that homes are affordable on an ongoing basis, with reduced fuel bills and protection against fuel poverty.

The zero-carbon homes standard is important for climate change targets: 22% of our total CO_2 emissions come from energy use in homes. It is very practicable. It was agreed originally by a cross-industry task group, based on a balance between costs and benefits. It is becoming an increasingly cost-effective proposition because the supply chain has evolved and the design and construction industry has got the hang of it. The additional costs of a zero-carbon home have halved since 2011 and could well be less than £3,500 per home by 2020. As the noble Lord, Lord Krebs, said, this is small-scale compared with the potential annual savings, which the National House-Building Council and the Zero Carbon Hub calculated would be about £1,200 less for a three-bedroom zero-carbon home than an equivalent three-bedroom Victorian semi.

This is also an amazing volte-face in government policy. In 2013 the Prime Minister launched DECC's energy-efficiency mission with the following ringing endorsement. I will quote it in full because it was rather splendid. Mr Cameron said:

"I want to tell you why I believe energy efficiency is so important. Yes of course it is a vital part of how we cut carbon emissions and continue to meet the ambitious targets set out in the Climate Change Act … Of course that is important, but my argument today is not just about doing what is right for our planet, but doing what is right for our economy too. Because make

no mistake we are in a global race and the countries that succeed in that race, the economies in Europe that will prosper, are those that are the greenest and the most energy efficient".

He said he wanted the Minister,

"to bring together everything we are doing in one coherent strategy to make Britain the most energy efficient country in Europe".

However, not very long after that, George Osborne unilaterally removed the zero-carbon buildings provision, despite his Prime Minister's aspiration, causing a major backlash against the change among industry leaders. In an open letter to the Chancellor, senior leaders from 246 organisations, including the major housebuilders, developers, product manufacturers and energy firms, warned that the policy U-turn had,

"undermined industry confidence in Government",

and would,

"curtail investment in British innovation and manufacturing".

We have a real problem here, and this amendment is a splendid opportunity for the Government to graciously backtrack on a wrongheaded decision by the Chancellor. I recognise it is quite difficult, because the Chancellor at the same time pretty well trashed the feed-in tariff, which provided the economic basis for the zero-carbon homes policy, but this nevertheless has to be remedied if we are going to see through this massive push to get 1 million homes built by 2020. They must be affordable, they must make a contribution to tackling climate change and—beyond those two, since noble Lords have already stressed those points—they must support innovation by British business.

Lord Foster of Bath (LD): My Lords, in supporting my noble friend Lady Parminter's amendment, I echo the words of both the noble Lord, Lord Krebs, and the noble Baroness, Lady Young. The noble Baroness was absolutely right to say that the move towards zero-carbon homes had cross-party support; importantly, it also had cross-industry support.

It is interesting to reflect that the policy was first introduced by Gordon Brown in 2006. When he announced the policy, he said that it would mean that this country would be the first in the world to introduce such a commitment, which would help us to meet in turn our commitments in relation to tackling the real and growing problems of climate change. He understood the policy at that time as meaning that all new houses built from this year, 2016, would generate as much energy on site through renewable energy—wind, solar and so on—as they would use for heating, lighting, ventilation, hot water, cooking and so on.

Over time, as people considered the policy, it was recognised that there would be some occasions when trying to build an individual zero-carbon housing unit would prove very expensive indeed; hence the idea of introducing a mechanism that would allow developers to have an off-setting mechanism—so-called allowable solutions—whereby, if they could not get a particular home completely zero-carbon, they could provide funding or carry out work that would off-set the amount of carbon by other means. For example, that could be through building a combined heat and power unit for a group of housing units, putting solar panels on some existing housing or—although, as the noble Lord, Lord Krebs, said, this can sometimes be very expensive—retrofitting energy efficiency measures to some existing homes.

The policy was developed with all-party support. It was certainly true that when I took over from my noble friend Lord Stunell as the Minister in DCLG, he had been battling to persuade his Conservative colleagues in the department at that time to keep going with the policy. I certainly had some difficulty in doing that, but to be fair, under pressure, they were prepared to stick with it. It even appeared, very clearly, in the Chancellor's Budget of 2013. I was able to go ahead and strengthen Part L of the building regulations, which as the noble Lord, Lord Krebs, pointed out, increases the energy efficiency requirement on buildings. It was good to hear then that there was support across the industry for the increase being demanded in energy standards for new homes that were being built. John Alker, one of the industry's spokesmen, said,

"it's a victory for all those who know that industry can continue to innovate, to improve standards and reduce carbon cost-effectively … it is encouraging to see government remains committed",

to it.

4 pm

While I was Minister, I was also concerned about an issue that has not yet been mentioned. Buildings are sometimes built to particular energy efficiency standards, but after they are built and measurements take place, we discover that they do not live up to those standards; there is a gap. The Government were able to fund research through an organisation called the Zero Carbon Hub to try to identify the cause of that gap. As an aside, following the earlier debate on self-build, it is interesting that self-build provides not only an opportunity to give jobs to small builders but often the development of off-site construction techniques that appear able to bring together the actuality with energy efficiency standards. When the Minister replies, I should be interested to hear where we are with the work from Zero Carbon Hub on that issue.

There was growing concern among some Conservatives within the coalition Government that continuing with the policy of zero-carbon homes would be expensive, that builders would become dissatisfied with it and that we would reduce the number of homes being built. I was able to convene a round table of all the major builders and ask them what they thought of it. All the major housebuilders, developers and others involved in the industry wrote to the Government saying that they were fully behind the zero-carbon homes policy. They wanted it because they believed it was right, it did not add significantly to the costs of building and it meant that they could make their contribution to tackling the problem of climate change. They are all incredibly disappointed—as am I and Stephen Williams, who eventually succeeded me in the department—that the Government decided last July to renege on the cross-party commitment by different Governments since 2006. I therefore hope that noble Lords will recognise that in my noble friend Lady Parminter's amendment, we have the opportunity to reverse a catastrophic decision and to give housebuilders the opportunity to contribute to dealing with climate change and reducing energy consumption in this country.

Baroness Whitaker (Lab): My Lords, I, too, support the amendment. When the Select Committee, of which I was also a member, recommended measures to reduce

[Baroness Whitaker]
carbon emissions, it recognised, on copious evidence, not only that mitigating climate change was of overwhelming importance but that there was a need for clarity, as the noble Lord, Lord Krebs, said, as a means to achieving that objective, which also enables much cheaper energy. As I see it, clarity is exactly what the amendment provides.

Briefly, it looks as though the Government have lacked leadership to drop those requirements. If it was decided under the influence of the Treasury, surely that was a culpable abdication of a rational, long-term view of our national interest. I hope that the Minister will take the amendment very seriously.

Baroness Maddock (LD): My Lords, during the previous Parliament, we discussed this policy in some detail in other Bills. The Minister will have heard that everything was in place to make it happen. The Government owe it to the Committee to tell us what big thing happened to cause this reverse in policy. We have heard that everything was in place, so we are owed an explanation on that.

Secondly, this morning I hosted a breakfast for the National Home Improvement Council. We were discussing energy efficiency, and one of the big criticisms was about why Governments cannot give some consistency to policy. When we set up the Committee on Climate Change and passed the Climate Change Act, I thought we would have consistency of policy because all parties agreed on it. I cannot tell you how disappointed I am that, since last year, so many of the things that we thought we all agreed on have been reversed. The Government owe it to us to explain why. What are the big factors that have changed their mind?

Lord Cameron of Dillington (CB): My Lords, I had not really intended to intervene in this debate because better, more knowledgeable people than me have spoken. However, I add my voice in support. I have built houses in Scotland and England in the past 10 to 12 years and therefore put in a very low-carbon spec. No consumer of any intelligence would build a house without a low-carbon spec because the annual savings in heating that you get give you a nearly 50% return on your money, but unless builders and developers are obliged to give the consumer what they really want, it is unlikely to happen in all cases.

It is interesting that this debate should follow the one on self-build because I cannot believe that anyone who is building their own house would ever dream of not putting in a very good low-carbon spec. The Government should ensure that consumers—also known as voters—get what they want.

Lord Stunell (LD): My Lords, I support the amendment. I do so as somebody who in the other place proposed the Sustainable and Secure Buildings Act, which was the foundation for the changes to Part L which were introduced in 2006, and also as the Minister who preceded my noble friend Lord Foster in the department in 2010.

I am disappointed to find that the arguments that were going on between the Department for Communities and Local Government and the Treasury at that time appear still to be burning. Those arguments were repeatedly put and repeatedly refuted, yet this time the Treasury has come out on top. This amendment provides an opportunity to revisit that, and I hope that the Minister will take away the spirit of this debate as well as the substance of the amendment. The problem is that there is a completely false tension between quantity and quality in housing. There seems to be a very firm grip in the Treasury on the concept that, if it is cheaper to build, more homes will be built and, as good building costs more than bad building, it is obvious that you have bad building rather than good building in order to get more building.

The Minister gave us some figures on Thursday which she described as the,

"implied first-time price of new build".—[*Official Report*, 3/3/16; col. 1014]

She went on to distinguish that from "demand price". I am not quite sure what the difference is, and I am not quite sure what the first-time price of new build is, but for the south-east of England she gave an implied price of £352,000 for a property which would be affordable and within the scope of the starter homes project. That is an interesting figure because it highlights the fact that something approaching £250,000 of that price is nothing to do with the construction of the house, which will be about £100,000, and everything to do with the land price, which is actually what drives house prices universally. The construction cost is a minor part of the house price cost that the retail purchaser has to pay. It does not set the retail price, let alone whatever the demand figures are, which I strongly suspect would be higher sums of money than the Minister gave us last Thursday. The costs of complying with this amendment per house are trivial in relation to the construction costs, let alone the total retail price at which a house will be put on the market.

I will be interested to hear what the Minister's brief tells her is the right figure for the extra cost of zero-carbon homes. I would be astonished if it did not have such a figure in it; mine always did. If there is one thing that history tells us, it is that that estimate will be too high. I say that because back in 2010, when the original improvements were made—I say "original"; perhaps I just mean original to me—and that 30% rise in building standards that took place in that five years was initiated, the UK Green Building Council, which has already been referred to, estimated that a typical cost addition would be £5,000 per home. The Treasury disbelieved those figures and believed that it would be an additional £10,000 per home, and it was those figures that were hotly debated between the departments and which formed the basis of impact assessments and so on at the time.

Actually, the cost per home has turned out to be £3,000 lower than the Green Building Council assumed and only one-third of the cost that the Treasury assumed. A £3,000 price differential in building a house is absolutely lost in the noise of housebuilding, purchasing and disposal. The cost is marginal, as the noble Lord, Lord Krebs, rightly said—something around 1% of that south-east London house going on the market, at a time when house prices in the south-east are rising by something like 6% a year. Indeed, if they were not, there would be some kind of political backlash because people would fear that their houses were losing value.

So the barrier to more private sector building is not construction costs. Rather, it is the knowledge that, if a home is completed next year rather than this, the seller will be 6% better off because of the rising price of land and of sales. The very last thing that a developer wants to do is to produce so many houses that the price falls next year; indeed, you can see with some building in the centre of London that that is exactly what is happening. So the quality versus quantity argument, which is the only slightly tenable point of view in this U-turn, is not actually credible or realistic.

On the other side, there is the reputational risk to the Government. "The greenest Government ever—not!" is the message that seems to be coming through, and that is a really sad outcome, both for the present Government and for the country. There is an environmental risk because so much CO_2 comes from our housing stock. As the noble Lord, Lord Krebs, eloquently put it, if we put up another 1 million homes alongside the 22 million that we have at the moment, and deliberately make them of lower quality than we could, then that affects not just the environment but our international reputation regarding, for instance, last year's Paris agreement.

There are economic and social risks as well. Poor energy efficiency means higher costs to those poorer householders who are going to be moving into the starter homes that the Government want to see built. People whose income is so stretched that without the starter home they would not be able to get into the market are going to be saddled with an extra £1,200 a year of running costs simply because of this U-turn. It occurs to me that this sort of process usually takes longer than Ministers hope, and that those starter homes will start to come on to the market in a significant way in about 24 months' time, which is of course pretty much the time when interest rates will no doubt also be rising, so their mortgages and fuel prices will go up but their energy efficiency will be deliberately lower than it needs to be.

I ask the Minister to have a rethink, to go back and yet again have a good push back at the Treasury, and to ensure that by Report we have a rather better picture of what the Government intend to do to be the greenest Government ever.

4.15 pm

Lord Campbell-Savours (Lab): My Lords, I had not intended to speak in this debate at all until I heard what I can only describe as the brilliant exposition by the noble Lord, Lord Stunell, of the economics of housebuilding. He showed quite clearly that the cost of land is the critical factor in all this, and the additional cost of building in environmental protection issues, such as solar energy or whatever, is marginal. The only reason why I rise is to draw to the attention of the Committee the series of amendments which will come up later—Amendment 89L and a number of attached amendments—which deal with the cost of land. At the heart of the Bill is the failure to deal with the cost of land. If we could deal with the cost of land in the United Kingdom and bring it down to the prices charged for land abroad, we would not even need the Bill or any of the incentives in it. The whole Bill is predicated on the need to compensate for the benefit that landowners make out of selling land at huge profits, which the rest of the country has to bear when they buy their houses.

Lord Kennedy of Southwark: My Lords, Amendment 54A, moved by the noble Baroness, Lady Parminter, has our full support. As noble Lords have heard, the amendment seeks to ensure that the Secretary of State makes regulations that will require that all new homes built after 1 January 2018 achieve the compliance standards as set out in the amendment. This is achieved by using an energy-efficient approach to building design and reducing the CO_2 emissions on-site through low and zero-carbon technologies. As noble Lords have heard, Britain has been a world leader in taking measures to reduce carbon emissions. With that in mind, it is disappointing that we have to have this debate at all. The amendment is achievable and realistic and pushes us further forward as we seek to reduce the energy demands of new homes. I very much agreed with the noble Baroness, Lady Parminter, when she expressed her regret that the Government have removed the zero-carbon target for new homes.

I do not often agree with what the Prime Minister said, but I also agree very much with the quote from him that my noble friend Lady Young read out. However, it puts the Prime Minister at odds with his Chancellor, who removed it a few days later. It will be very interesting to hear the response to that from the government Benches. The amendment will of course help to support innovation in construction by requiring high standards and will help future-proof homes, reducing the need for retrofit later, as the noble Lord, Lord Krebs, said in his contribution. In particular, I will be interested to hear the response from the Minister to the points made by the noble Lord, Lord Foster of Bath, about the whole issue of agreements that are made and then reneged on. I will also be interested to hear the Government's response to the very challenging points made by the noble Lord, Lord Stunell, in his excellent speech.

The amendment would allow the housebuilding and supply industries, related trade associations, consumer representatives and bodies with a specific interest in environmental objectives to play their full role in being properly consulted in what is achievable and what is the way forward. I agree with the noble Lord, Lord Krebs, who posed the question, "Why build homes today if they are not fit for purpose tomorrow?". I will listen with interest to the Minister's response and I may have a few further questions depending on the Government's position.

Viscount Younger of Leckie: My Lords, first, I applaud the noble Baroness, Lady Parminter, for braving the Chamber today with what sounded like a few unwanted gremlins in her voice. I heard her loud and clear. I thank her for giving us the opportunity today to debate her proposed new clause, which seeks to put into primary legislation a carbon compliance standard for new homes from January 2018. The proposed carbon compliance levels are well intentioned—we all share the desire to see energy-efficient homes built that help to reduce carbon emissions and fuel bills—but the new clause is a step too far at this time. I listened very carefully to all the comments and, as the noble

[Viscount Younger of Leckie]
Baroness, Lady Maddock, pointed out, this issue has certainly been much debated in this Chamber in recent months.

Over the last Parliament, we implemented significant strengthening of the energy performance standards for new homes—a 30% improvement on requirements before 2010. These standards are reducing energy bills by £200 annually on average for a new home and saving carbon. At this stage, we need to give the homebuilding industry breathing space to build the highly energy-efficient homes already required by the recent changes to building regulations, and I will say more about that in a moment.

Lord Foster of Bath: My Lords—

Viscount Younger of Leckie: Perhaps I may make some progress. We all recognise the need to build more homes, and they should be sustainable, but we do not need to make building them more difficult than necessary. We need to consider whether it is realistic for the majority of builders to deliver even higher standards without unduly affecting site viability or housing delivery.

In the productivity plan, *Fixing the Foundations: Creating a More Prosperous Nation*, published last summer, we committed to keeping the energy standards under review, and we will ensure that any changes that may be introduced are cost effective. This includes looking at not just new buildings but across the whole of the existing building stock, where carbon emissions tend to be higher and energy efficiency is poorer than for new homes.

In raising or lowering the energy requirements for new homes, it is always necessary to consult carefully with industry. We should not forget that we are talking about a technical area which impacts across the construction sector. It would therefore not be workable to deliver the proposed standard within six months. Even if it were, it is not prudent to have such a rigid framework for delivery in the Bill, or to set requirements such as this in primary legislation. If, in the light of consultation, any slight adjustments to requirements were needed, we would not be able to make them without further primary legislation.

I understand the intention of the new clause proposed by the noble Baroness, Lady Parminter, but it would create a significant regulatory burden on housebuilders at a time when we need to increase housing supply and access to home ownership. We are giving the industry breathing space to ensure that it catches up with the already highly energy-efficient new standards that came into force only in 2014.

I would like to say more in attempting to address many of the questions that were raised, particularly by the noble Lord, Lord Krebs. Some builders, big and small, already go beyond the current minimum standards. New homes built to the performance requirements introduced by building regulations in 2014 are highly energy efficient. They need to have high levels of insulation, double-glazed windows with low-energy glass, and A-rated, high-efficiency condensing boilers.

Perhaps the nub of this debate is the difference the amendment would make to new homes. I understand the strength of feeling on the Liberal Democrat Benches in particular, but the current regulations have already pushed the fabric energy performance of homes to the point where further increases may result in only marginal returns in energy efficiency. Therefore, to meet the proposed levels of carbon compliance, homebuilders would need to consider further technical solutions for providing heat and power to the home—for example, photovoltaic panels, solar hot-water systems, and air and ground-source heat pumps. These would add considerably to construction costs for homebuilders. The noble Lord, Lord Stunell—

Lord Beecham: Can the noble Lord comment on that question? The noble Lord who spoke before indicated that the cost would be around £3,000. Does the Minister have a figure to counter that suggestion?

Viscount Younger of Leckie: Yes, I was just coming to that point. The noble Lord, Lord Stunell, raised the issue of costs. Research by the Zero Carbon Hub indicates that, for an average semi-detached home, the lowest cost of meeting the proposed standard would add almost that sum of £3,000 to the construction costs. Originally we thought it would be £10,000—indeed, I think that figure was mentioned by somebody in this debate.

The new clause proposed by the noble Baroness, Lady Parminter, would increase the bill cost for all housebuilders, irrespective of their size. With regard to small builders, the availability of small sites is declining and extra regulatory costs would impact on the viability of these developments, leading to even fewer small sites.

Lord Stunell: Will the Minister reaffirm that his brief tells him that the additional cost would be £3,000 per dwelling of the type he just described? If so, I am absolutely delighted to see that that reflects reality rather more closely than some of the Treasury's figures.

Viscount Younger of Leckie: That is the figure I have mentioned and I am very happy to reaffirm that. However, in the same breath I would also say that it is deemed to be a step too far in adding costs to housebuilders, particularly given that the focus is on the smaller housebuilders who need the breathing space to build such houses.

Lord Krebs: Can the Minister confirm that his brief contains a full cost-benefit analysis of these additional measures and, if so, over what time period the analysis applies?

Viscount Younger of Leckie: This is definitely getting into a technical area, and I am happy to write to the noble Lord with the details of the research to establish the figures we have come up with.

Lord Beecham: May I ask a non-technical question—I am about as technical as the Minister—if £3,000 is an excessive amount, what would be an acceptable amount?

Viscount Younger of Leckie: I reiterate the figure that we have. I am very happy to write to the noble Lord, Lord Beecham, and to the noble Lord, Lord Krebs, to give the specific technical details as to how we reached that figure. But that figure is the figure we have.

Lord Beecham: It is not about how the Government reached that figure but what, in their eyes, would be an acceptable increase in cost to provide the result the amendment seeks to achieve. If £3,000 is too much, what would be acceptable?

Baroness Young of Old Scone: I wonder whether the Minister might clear up a confusion that is arising in my mind. It strikes me that we are not talking about a cost that falls upon the builders of these homes, because it will be reflected in their price. The point we are making is that, if an additional cost of £3,500 would genuinely be passed on to the purchaser of the home, within a period of less than three years they would have recouped that amount and be in profit thereafter, for however long they stayed in that home. It is not about an undue burden on the builders, but about trying to remove an undue burden on the purchasers and residents of those homes in perpetuity.

Viscount Younger of Leckie: It does depend on where in the country we are talking about. Prices, as we know, can go up or down. However, with the same theme in mind, I would like to address a point made by the noble Lord, Lord Foster, and the evidence he produced. We have strong evidence from the Federation of Master Builders, which represents small builders—a broad and very important sector in terms of building the houses we need to build. The federation welcomed the decision last July not to proceed with zero-carbon homes, saying that it will boost the supply of housing via this very sector—small and medium-sized housebuilders. I will quote its press release, because it is relevant to this debate. It said that the policy would have "held back" small builders' ability to build more new homes and that,

"over recent years it has been these smaller firms which have been hit disproportionately hard by the rapid pace of change".

Hence our view that the breathing space is there; it is not that it will never happen. I reiterate the point I made at the beginning of debate: we are reviewing this and we want to have carbon-neutral homes.

Lord Foster of Bath: I am very grateful to the Minister for that. He is absolutely right to point out that any government decision will be supported by some people and opposed by others. However, although he has cited one organisation, he will acknowledge that an open letter was sent from more than 230 major organisations in the construction industry opposing what the Chancellor has done. Given that the Minister has said that the whole purpose of this is to give breathing space to the industry, is he prepared, either now or later, to share with Members of your Lordships' House the letters and documentation he has received requesting that pause?

4.30 pm

Baroness Hollis of Heigham (Lab): Before the Minister replies to that, perhaps I may follow up the point made by my noble friend Lady Young. What consumer research —that is, purchaser research—have the Government done, as opposed to listening to selective representatives or voices of the building industry? I think that very few consumers, if asked, "Would you prefer to pay £3,000 which you'll pay off in two-and-a-half years and thereafter make £1,250 profit a year on your energy bill?", would regard that as a poor deal.

Viscount Younger of Leckie: I listened carefully to the evidence produced by the noble Lord, Lord Foster. Of course, I am very happy to make available whatever I can to the noble Lord and to copy in other noble Lords who have taken part in this debate.

Perhaps I may come back to the noble Baroness, Lady Hollis, on purchaser research. But I make the point that we are talking about the costs of building a house, which is a housebuilder matter. Whether those costs can be passed on to the owner of the house will depend on the area and on the prices, but this is to do with stimulating the building industry to build more houses—that is extremely clear.

I would like to move on if I may to a similar theme raised by the noble Lord, Lord—

Lord Stunell: Before the Minister does so, could he tell us what evidence he has taken on the connection between construction costs and the number of homes built, either over the last five years or any interval of time that he has statistics for, and whether he regards the argument that I advanced, that land costs are the overwhelmingly important factor in house sales, as having validity?

Viscount Younger of Leckie: The evidence is pretty strong from the Federation of Master Builders, but in the same letter that I shall write to other noble Lords I will include any further evidence that can be produced to back up the evidential information that we have.

The noble Lord, Lord Krebs, asked about the scrapping of the zero-carbon element and where else carbon savings might come from. I reassure him that we are already starting to look at heating systems in existing homes. As noble Lords will probably be aware, heat accounts for around 45% of our energy consumption. More than 1.2 million new boilers are installed in our homes every year and we want to consider whether the time is right to raise standards upon boiler replacement, and what the benefits and risks are if we do.

I will also make a point that I wanted to raise slightly earlier in this debate about being overzealous in protecting homes. There is an issue which I know has cropped up in previous debates about overheating homes. There are concerns about making homes so energy efficient and airtight that they can contribute to health issues, so DCLG is looking at that. We need to create a balance between stimulating the building of new houses and making sure that they are user-friendly for people to live in.

Lord Kennedy of Southwark: The Minister suggested to my noble friend Lady Hollis that people would not be able to pass on the £3,000 cost. Is he suggesting that people will be building houses and selling them for less than they cost to build? If so, it seems extraordinary.

Viscount Younger of Leckie: Yes, it is at build cost rather than purchasing cost.

Lord Kennedy of Southwark: I assume that the builder would pass that on when they sold their houses and make sure that it was paid for when they were bought.

Viscount Younger of Leckie: The point is that the onus of the £3,000 is on the housebuilding sector.

Lord Kennedy of Southwark: Of course, the properties are bought at the end of the day; that is what they are built for. That is an extraordinary comment from the Minister.

Lord Porter of Spalding (Con): My Lords, can I declare all of my interests, although we might be here for ever? I am chairman of the Local Government Association, leader of South Holland District Council, chairman of South Holland homes, which is a community interest housing company. I am also a private sector landlord. One of our rural housing providers delivered six code level 6 homes for us about four years ago, which are the closest to real zero carbon. The zero-carbon homes that the Committee has spent the last hour talking about are not really zero carbon. There was no proposal to ever deliver proper zero-carbon homes in this country because they are far too expensive.

The code level 6 ones that we delivered a few years ago did not save people a few hundred pounds on their electricity bills; they generated a few hundred pounds. Once the feed-in tariff had been factored in through the solar panels and the wind turbines that were installed on the site and the way that they were built for carbon mass heat production, which maintained the homes at a standard 18 degrees, the tenants actually made money on those homes. So that is really good news. We built six of those, and that is really bad news because the same capital cost of delivering those six would have delivered 12 standard construction three-bedroom semis that we were also building on a similar site at the same time. The homes on the affordable site were built on rural exception sites. There was hardly any land cost in there and the capital cost of the physical build was almost twice as much as for the three-bedroom standard semi-detached properties.

We can talk all we like about a few thousand pounds being saved, but that is not an accurate figure and I do not know where that figure came from. Zero carbon costs considerably more than £3,000 a unit. Even if you only put a 4 kilowatt solar system on your house that would be at least £6,500, and that would generate probably enough electricity to run your lights during the day when you do not need them.

Viscount Younger of Leckie: My Lords, I had concluded my speech, but my noble friend made an interesting and useful intervention.

Baroness Parminter: I thank the Minister for his comments and I will be understandably brief, but I was very disappointed to hear that he thought this amendment was a step too far. Two of the main points that were reflected in the debate were not satisfactorily addressed in the Minister's summing-up remarks. First, there was the outstanding issue of whether the costs of building homes to a standard that would guarantee them for the future would prevent sufficient housing being built. That was not satisfactorily answered. The Minister made it clear that the Government believe that the figure of £3,000 per property would be a material barrier to the housebuilding that we all accept is needed. That did not satisfy a number of our concerns.

The second issue is that the Government seem to respond to every single request by saying that it would impose a regulatory burden on the respective industry. But that is not clear from the evidence collected by the recent House of Lords Committee, which did not just listen to one area of the housebuilding fraternity but took evidence from across the industry including, as my noble friend Lady Young said, from consumers as well as housebuilders. This was not seen by the industry as being a regulatory burden. The industry had agreed to these standards and was clear about the future investment trajectory. But it now does not see how to make the investments to help us meet the targets that we have as a country—the legally binding targets that we have to deliver.

I thank all noble Lords who spoke in the debate this afternoon, but I point out to the Minister that while the strength of feeling on these Benches is great, there was strength right across the Committee. This is an issue that we will return to. On that basis, I beg leave to withdraw the amendment.

Amendment 54A withdrawn.

Clause 62: Grants by Secretary of State

Amendment 55

Moved by ***Lord Beecham***

55: Clause 62, page 28, line 8, at end insert "with the exclusion of—

(a) supported housing for older people;

(b) supported housing units (including self-contained homes where floating support is provided for vulnerable people);

(c) key worker housing (which includes self-contained flats subject to nomination agreements with third-parties);

(d) units that form part of major regeneration schemes planned or already under way;

(e) rural settlements;

(f) homes built for charitable purposes without government grant and homes provided through s.106 agreements (agreements under section 106 of the Town and Country Planning Act 1990 (planning obligations)) requiring stock to be kept as social housing in perpetuity;

(g) cooperative housing;

(h) ALMOS (arms length management organisations); and

(i) alms houses."

Lord Beecham: My Lords, the Committee will now deploy its energies to the part of the Bill that deals with the extension of the right to buy. Clause 62 is

prefaced by two lines identifying Part 4, "Social housing in England", and Chapter 1, "Implementing the right to buy on a voluntary basis". The effect of this part of the Bill will of course substantially undermine the provision of social housing in England and the voluntary basis on which the provision purports to rest will, I predict, prove temporary and will not survive the re-election of this Government, should that misfortune occur.

The radical changes to the provision of social housing by "private registered providers", as the Bill terms the housing associations and kindred bodies which have played and are still playing a hugely important role in the provision of decent affordable homes for millions of people, will result, as has happened already in the case of council housing, in a substantial reduction of affordable homes to rent and a substantial increase in the proportion of private rented properties let at higher rents. One of the perverse effects over time is likely to be an increase in the amount of housing benefit paid to private landlords. The anodyne wording of the 53 lines that encompass this radical change belie their importance and their impact, as do the 14 lines of the so-called Explanatory Notes. It is a measure of the importance of the issue and of the concern it has aroused that it has stimulated the tabling of 16 amendments in this and the following groups.

Amendment 55 sets out a list of proposed exemptions from the provisions of Clause 62 which permit the Secretary of State, or at his direction the Homes and Communities Agency, the right to provide grants to fund the right to buy discounts. I would not normally read out such a list, but in this case the mere recital of the nine categories embodied in the amendment serves to reinforce the concern they have aroused. Unless they are excluded, the following will be subjected to the right to buy:

"supported housing for older people … supported housing units (including self-contained homes where floating support is provided for vulnerable people) … key worker housing (which includes self-contained flats subject to nomination agreements with third parties)"—

the latter, I interpolate, infringing on the interests of such third parties who would have no redress—

"units that form part of major regeneration schemes planned or already under way … rural settlements"—

about which I and others will have more to say both in relation to this group and the groups of amendments that follow—

"homes built for charitable purposes without government grant and homes provided through s.106 agreements … requiring stock to be kept as social housing in perpetuity"—

thereby interfering, I again interpolate, with freely negotiated arrangements unsupported by government funding—

"co-operative housing"—

completely undermining the ethos which led to its provision in the first place—

"ALMOS (arms length management organisations) and—

ironically—

"alms houses".

Amendment 59B, also tabled in my name and that of my noble friend Lord Kennedy, adds "tenant management organisations" to this list, and one or other of us has subscribed to Amendments 57B, 57D, 66D, 67A, 68D and 69B. Underlying our support for these amendments are the fundamental concerns which have repeatedly been expressed about this Bill both outside and inside this House, and from all parts of this House. These include worries about the impact on communities of a reduction in affordable rented homes, and huge uncertainties about the number, location, cost and quality of possible replacements. In particular, there is opposition to the application by diktat of a one-size-fits-all policy by central government, exemplified by the inclusion of rural areas in the right to buy provisions in the social housing sector, even if this is initially, but I suspect temporarily, left to individual providers to adopt.

I ask the noble Baroness the Minister to say which if any of the list of categories of social housing the amendments identify should not be excluded from the provisions of this part of the Bill, and in each case why. She will no doubt say that it will be up to individual housing associations providing homes within any of the categories to decide whether or not to allow tenants the right to buy, but she must know that an expectation will have been created among some tenants, and it is not too cynical to suggest, their families, which it will become increasingly difficult to resist, thus in addition paving the way to converting a voluntary scheme into a statutory one, as has of course been the case with council housing. Moreover, that possibility in itself is surely likely to have a chilling effect on the willingness of the sector to invest in the provision of new affordable social housing.

4.45 pm

One particular area of concern relates to the provision of housing for the elderly, where the double whammy of right to buy and the alternative impact of the proposal to sell high-value properties as they become vacant could significantly restrict access to appropriate properties such as bungalows. A Joseph Rowntree Foundation report states that one in five elderly people live in bungalows, with the proportion increasing as they reach the age of 75. Of course, not all of these are in council or social housing properties, but the foundation estimates that 25% of high-value sales would be bungalows, representing 9% of all the relevant housing. This could lead to the loss of 15,300 bungalows in the next five years—one in 15 of the relevant total in England. The foundation points out that replacement would be unlikely because of the larger site requirements and the cost of building single-storey properties. The policy and research manager of the foundation warned:

"The Housing Bill will reduce the number of affordable homes at a time of an acute housing crisis",

and that we risk holding a "Great British bungalow sell-off", which will,

"make things worse for elderly and disabled tenants who are trying to find suitable, affordable accommodation".

Nowhere have concerns about the impact of right to buy been expressed more profoundly, in this House and well beyond it, than on rural areas. The Campaign to Protect Rural England, as might be expected, declared its opposition to the proposal, together with Hastoe Housing Association, about which we heard last Thursday, the Country Land and Business Association, the National Association of Local Councils, the Lincolnshire Rural

[Lord Beecham]

Housing Association, Exmoor National Park, the Rural Services Network and the National Parks association—none of which, as far as I know, are affiliated to the Labour Party. I half expected to see the entire cast of "The Archers" and "Downton Abbey" joining that. They specified concerns that rural affordable housing lost to the open market would not be replaced; that a portable discount alternative would not help rural areas; and, as we heard last Thursday from Members including the noble Duke, the Duke of Somerset, we are unlikely—if he will excuse the pun—to see more landowners offering to provide land for social housing if there is no guarantee that the homes built on it would remain available for letting at affordable rents and not be sold on as second homes or buy to let.

The CPRE and its partners in resisting crime point out that, under the agreement reached with the sector, one-for-one replacements need not be created in the locality where the right to buy is exercised, but could be anywhere. Moreover, the portable discount, seen as an alternative to buying the house one lives in and permitting it to be used to buy a different housing association property, does not minimise but merely relocates the damage. Affordable housing already accounts for only 8% of the stock in rural areas, compared with 20%—itself an inadequate proportion—elsewhere. These low levels of affordability, already exacerbated by lower average incomes in rural areas and by house prices higher than in many urban areas, foreshadow a dire future for rural communities.

The chief executive of Hastoe, England's largest specialist rural housing association, states that the situation,

"makes a mockery of the Government's plan to replace affordable homes to rent with 'starter homes' to buy—at nine times the median salary of rural workers".

In her words, the right-to-buy deal,

"will mean that young workers on lower incomes are bound to see their chances of rural accommodation disappear; many of the houses sold to tenants will … be resold on the open market at prices far beyond the reach of the people they were designed for".

The campaign of the CPRE and its partners has been endorsed by its president, the former Poet Laureate Sir Andrew Motion—perhaps an appropriate name for our discussions. He asserted, in blunt prose rather than verse, that if the countryside is to be prevented from turning into a "gentrified museum"—or as I would add, being given over to second homes or holiday lets—there must be a "full rural exemption". He called for an exemption for,

"communities of under 3,000 inhabitants, as well as rural market towns",

with a population of up to 10,000,

"where there is a significant need for affordable housing".

I await the Minister's reply to that call later this afternoon.

I made brief mention of starter homes, which we discussed at some considerable length last Thursday. Since then, some important information has come to light which I must draw to the attention of the Committee. The respected magazine *Inside Housing* has reported:

"Major lenders have warned government officials they will not support Starter Homes unless ministers agree to a major climbdown over the discount period.

An 'impasse' has been reached between a number of major lenders and the government over its plans to allow buyers to sell the flagship housing product at full market value after five years … This would allow buyers to cash in the original 20% discount, meaning they could make profits of £141,000 by selling an average home bought under the scheme after five years.

Large lenders have now reached a deadlock with government, as they fear this could distort market values and incentivise people to overpay. Most large lenders therefore want the 20% discount to be held in perpetuity, or for the period where the discount applies to a resale to be extended to 20 years. However, it is understood Department for Communities and Local Government … officials have so far rejected potential compromises, including a 15-year discount period with a taper after the first five. One lender said: 'There is an impasse … no one has communicated an absolute red line, but if there is no compromise then some [lenders] will opt out of supporting the scheme.'

Another source close to the discussions said: 'There has been an enormous amount of pressure brought to bear [on lenders]. If the government carries on like this, the scheme won't work'. Stephen Teagle, managing director of affordable housing and regeneration at Galliford Try, who is part of the group helping to develop the policy, said there is 'keen support' across the sector to extend the discount to 10 years. He added: 'That may be the amendment required to ensure we can all get on and start delivering the Starter Homes programme'.

The Housing and Planning Bill does not commit to the five-year period of discount, and it is understood Downing Street officials have privately hinted at a willingness to 'listen' on this point. As a result, lenders hope the government will extend the discount period via a forthcoming consultation on regulations. The government did not comment".

I have to say that this is an extraordinary revelation. I cannot believe that the Minister was a party to these discussions. After all, she is only a Minister of the Crown, not a Downing Street official. Had she been aware of them, she would surely have made some reference to them last Thursday, if only to the extent of saying that the Government were in discussion with the lenders about the very issue this House spent hours debating. So what is the position? If the Minister is not in a position to tell us today—doubtless because she was not included in these discussions—I expect that she will agree to write to us accordingly.

Are the Government considering changes to the discount period or not? Will they be in a position to clarify the position by the time we get to Report? What options, if any, are they considering? Members of your Lordship's House need to know before we start tabling amendments at Report. What answer do the Government make to the critical concern of lenders that the scheme, as presently drafted, could distort market values and incentivise people to overpay? Would this not also impact upon the rest of the housing market and drive sale prices on the existing stock?

There is a further extremely worrying issue raised by the report, namely the reference, yet again, to the possibility that the Government will extend the discount period via a forthcoming consultation on regulations. Since we will be spending a good deal of time debating rural concerns today, I hope I may be forgiven for suggesting that, in the absence of clarity about the Government's intentions, we are, in effect, being invited to buy a pig in a poke, something which, on religious grounds alone, I am reluctant to accept.

The Government may have chosen not to comment on the *Inside Housing* report thus far. I believe that the House will wish the Minister to do so today, or, at the very least, before the end of Committee, and I invite her to confirm that she will do so. I beg to move.

Baroness Royall of Blaisdon (Lab): My Lords, I shall speak to Amendments 56 and 57A. In doing so, I add my support to the other amendments in this group. I associate myself with all that my noble friend Lord Beecham has said.

Many of the amendments in this group share the same definition of "rural area"; that is to say,

"(a) any settlement with a population of fewer than 3,000 people at the most recent national census, or

(b) any settlement with a population of between 3,000 and 10,000 people at the most recent national census, and designated as a rural area by the Secretary of State following representations from the relevant local authority".

Does the Minister agree that that is the definition the Government will use in respect of this Bill, and in all legislation in which such a definition is required? To have differing definitions is both confusing and open to contest.

Rural communities are not just a smaller version of urban communities. They have different strengths and different challenges. The lack of affordable housing is one of the greatest challenges and the extension of the right to buy to housing association tenants in rural communities will exacerbate the already chronic shortage of affordable properties. Indeed, without affordable homes, villages become unsustainable. The only people able to live there are incomers, who often do long-distance commutes; second-home owners and those who rent out properties for holiday lets, when what is needed are homes for those who have grown up in the area and who wish to stay or return, and for those who work in the local area, including teachers, tractor drivers and community nurses. At the moment, the homes provided by housing associations enable communities to thrive, with a school, a shop and a pub. There is great anxiety that, with the extension of the right to buy in these areas, villages will no longer be sustainable. That is not merely a personal concern, as we have heard from my noble friend, but is shared by a wide-ranging coalition from housing associations such as Hastoe to the CPRE, the CLA, the LGA and many more, all of which have a real understanding of the needs of rural communities. Indeed, a representative of the CLA said at a recent meeting that the right to buy could be a further barrier to what is already a very difficult situation, and could lead to community breakdown.

In 2011, already only 8% of the housing stock in rural areas was owned by housing associations and local authorities. The Minister has told us of the Government's support for social housing, which I have to say, judging from this Bill, looks dubious. However, I would be grateful if she would say what percentage increase in social housing in rural areas they envisage over the next five years as a consequence of the Bill. Does she agree that an increase is absolutely necessary for the sustainability of our rural areas, where wages are low and house prices, even at a discount, are out of reach for most local people?

There is compelling evidence from previous incarnations of the right-to-buy policy to show that, when stock is lost from the social rented sector, it is not replaced in the same quantity or in the same geographical area. This is particularly true in rural areas, where development is constrained and where it is often significantly more expensive to build due to the cost of land and the lack of main services. It can also take longer to bring forward through planning applications. Between 2012-13 and 2013-14, the ratio of sales to replacement was eight to one. That is nowhere near the one-to-one figure vaunted by the Government. With the current Bill, there is no robust and fully modelled funding mechanism in place to pay for replacement. In addition, there is currently no requirement for replacement stock for homes to be sited locally, which means that housing association properties sold in small villages will undoubtedly be replaced on larger windfall sites elsewhere.

The NHF has reached its understandable—but, I believe, very regrettable—agreement with the Government to make the right to buy voluntary; and, furthermore, that tenants should have a right to a portable discount. We do not yet have any further details, which is frustrating, especially for those working in the sector. However, I know that the noble Baroness is aware of the frustrations and I will not press her further on this at this stage. However, I believe that both concepts pose more problems than solutions to the housing crisis. Indeed, I would go so far as to say that the portable discount makes absolutely no sense at all.

In relation to the voluntary agreement, what would happen in an area where at least two housing associations have homes but only one decides that its tenants can exercise their right to buy? Apart from the understandable anger, what would happen? I wonder how long the voluntary concept will remain voluntary. Amendments 57A and 57B are identical and rather similar to Amendments 57C and 57D, with all of which I agree. However, for me, as well as for Sir Andrew Motion and the rural housing group, they are very much second best.

5 pm

My strong, strong preference is for Amendment 56. Although the amendment was not laid at Second Reading, there were many cogent arguments supporting it. I remind noble Lords of two very powerful contributions. The right reverend Prelate the Bishop of St Albans said:

"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".—[*Official Report*, 26/1/16; col. 1205.]

The noble Lord, Lord Cameron of Dillington, made the case eloquently when he said:

"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

[Baroness Royall of Blaisdon]
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". —[*Official Report*, 26/1/16; col. 1212.]

Hear, hear.

I have no doubt that the Minister will not accept this amendment today, but I hope that she will not dismiss it out of hand. All those who best know and understand rural communities and their specific challenges, and who are passionate about their sustainability, agree that extension of the right to buy should not be allowed in rural areas. To continue with this policy would imperil their vitality and viability.

Lord Cameron of Dillington: My Lords, I will speak to Amendment 57B, tabled in my name, and also Amendment 57D, where I am an also-ran behind the noble Lord, Lord Best. First I restate what I said at Second Reading: I am keen to encourage the Government's desire to develop more home ownership. There is no doubt that the big change in social mobility since my post-war youth has been assisted by the growth in home ownership that has happened during my lifetime. So I am all for encouraging that direction of travel.

Nevertheless, in the countryside at any rate, where the availability of housing is limited, and while the desirability of country living is so deeply embedded in the English psyche, we have to make absolutely certain that we do not leave any casualties behind on the road to the home-ownership ideal. Unless we cater for the high demand for affordable homes for the less well-off, we will undoubtedly leave such casualties. The Government recognise this, which is why they agreed to only a voluntary right to buy for housing associations in the expectation that, in the most rural areas, the associations would choose not to allow it.

But in an effort to compromise and refine that, so that we do indeed maximise the potential to provide extra rural, local affordable housing, Amendment 57B, which stands in my name and those of others, ensures that if any party—a housing association or a householder—decides to take advantage of the discount available from the Government, the resulting sale will only take place if a new affordable house is provided in the parish or adjoining area. The key word there is "adjoining". It is important that the new affordable housing replaces the existing homes being sold within the same community or group of local communities. It is no good having the replacement housing on the other side of the county or, in the case of the amendment in the name of the noble Lord, Lord Berkeley, even on another island in the Isles of Scilly. We both go on holiday to the Isles of Scilly so we know a little bit about them.

It goes without saying that the housing association houses being sold must not be on an exception site, as that would undoubtedly result in the abandonment of the "in perpetuity" for locals that would have been written into the original planning permission and by which the site is forever legally bound. We are talking here about Section 106 housing, on sites where the housing association houses are within a larger commercial development adjacent to or part of either a large village or market town. It behoves all parties, the vendor housing association, other housing associations and the local planning authority, to pull together to make this work. If the local planning authority can use its strategic housing land availability assessment review—known to its friends as SHLAA—to encourage landowners, farmers and indeed parishes to assist in the finding of new sites for new affordable homes, so much the better.

It will not have escaped your Lordships' attention that the advantage of this amendment over the mere existence of the voluntary undertaking on the part of the housing association is that if the scheme works and is seen to work, we might get more housing for locals in our villages, even if the house being sold eventually gets sold on, inevitably, to an outsider and is thus lost for ever to the people of the village. In this way, our amendment and others of a similar nature in this group promote the Government's agenda of greater home ownership, so I hope that it will be acceptable to them. Without amending the Bill in this way, and without the co-operation of all parties to encourage this extra housing, I do not see many responsible housing authorities volunteering their rural properties for the right-to-buy scheme—which I suspect is contrary to what the Government would really like to see. I look forward to the Minister's response.

The Lord Bishop of St Albans: My Lords, I support Amendment 56, tabled by the noble Baroness, Lady Royall, to which I have added my name. I, along with other noble Lords, have received a number of letters from people living in rural areas who are deeply concerned at what seem the inevitable consequences if this issue is not addressed.

The major force of this amendment, as the noble Baroness pointed out, would be to change the emphasis in the current right-to-buy arrangement from one in which housing associations can choose to exempt themselves from exercising right to buy in rural areas, as per the current agreement, to one in which housing associations would be unable to exercise right to buy in rural areas, unless in exceptional cases, as set out in proposed new subsection (1A) of the amendment.

The rationale for the amendment is pretty simple. Affordable housing should not be sold off in communities where it will not be replaced. Among the other options, adjacent areas, for example, may be quite some way away and include urban areas, so there are issues about definition. The broader definition of "rural" that is included in the amendment—as well as the inclusion of dwellings in national parks, areas of outstanding natural beauty and rural exception sites—is designed to capture those additional settlements in which planning restrictions and natural features make the replacement of affordable housing sold under right to buy highly unlikely.

Everyone in the Committee will understand that affordable housing in rural areas is essential for the long-term sustainability of local communities, yet despite prices that are beyond the reach of many of those who live and work in rural areas, the level of affordable housing in rural areas is very low—only 8% compared to just 20% for urban areas. There is a variety of reasons for that, one being that it is so difficult to build in these areas. Planning regulations mean that rural villages struggle to produce any new developments, and what new developments there are tend to be much

smaller, yielding little in the way of affordable housing through Section 106. Of course, proposed changes to the Bill to the requirements of developers to include affordable housing in any new developments will only make the situation far worse with regard to the provision of affordable homes for rent.

All of this means that any measure that puts existing rural affordable housing stock at risk needs to be treated very carefully—but the current right-to-buy arrangements make exactly the threat that I am concerned about. The chances of any rural affordable housing that is sold under right to buy being replaced by similar rural affordable housing is very small, as one sees when one visits rural areas and talks to people working on the ground. It is far more likely that those housing associations which choose to sell off expensive rural housing will choose to build replacement homes in urban areas, where the costs of development are likely to be far cheaper. That might be good for the housing associations which are facing a period of belt tightening over the coming years, but it will be devastating for rural communities.

Another reason for considering the amendment is for the sake of simplicity. Tenants require clarity about where they will be able to exercise the right to buy, as has already been pointed out, and a system based on housing association discretion is almost designed to create disappointment. I know that noble Lords on all sides have serious concerns about the feasibility of providing a portable discount as an alternative. It is also true that initial indicators suggest an enthusiasm for right to buy that will far exceed the Government's ability to provide replacement funding—again leading to disappointment. Excluding areas that are most likely to be harmed by right to buy will ensure that resources are directed to the areas where they can do the most good. I hope the Government will reconsider and will listen very carefully to these arguments before pushing ahead with this.

Baroness Bakewell of Hardington Mandeville: My Lords, I draw the House's attention to my interests as a vice-president of the LGA and a councillor on South Somerset District Council. I support all the amendments in this group, including those in the names of the noble Lords who have already spoken, and I will speak specifically to Amendments 56, 56A, 57A and 57C. This extremely important group of amendments will have far-reaching effects on communities throughout the country.

As indicated previously, I visited Exmoor National Park to talk to the chief executive. Exmoor has a population of 10,000 people and 5,500 homes actually in the park for those who can afford them. Exmoor National Park wants to provide homes for people who will never get mortgages or loans. Its focus has been on affordable homes for renting. All its new houses are intended to be affordable in perpetuity. It aims to build up its stock of homes to the level it was before the first round of right to buy depleted it. In recent years 100 homes have been provided and 200 people have been accommodated—its policy is working. Some 30% are privately rented or privately owned and 50% are socially rented, but all require a local tie or connection.

The Exmoor and Northumberland national parks are the most sparsely populated areas in the country, with very small settlements. Other national parks have larger settlements, where it is easier to provide affordable homes. The statistics are stark. Of the first tranche of right-to-buy sales, a majority have gone to outsiders and for holiday lets. In Lynmouth, in a row of terraced properties sold under the right to buy, only two are not now holiday lets and 20% of the properties have no usual residents. We must prevent this from happening a second time. In Northumberland the undersupply of affordable rented properties at rates related to average wages has led to a gradual decrease in housing. Hard evidence is difficult to obtain due to the paucity over nearly 30 years—young couples have just accepted that to get a home they have to leave the park area. However, when 30 homes were built in Norham, they were let to the relevant people in a morning, despite only four or five appearing on housing lists.

Incomes in Exmoor National Park are in the lower quartile for England, at around £12,000 for a household. Many people have no regular work. Their work is seasonal or portfolio work. The majority of people on the park are in work but on very low incomes. Affordable housing schemes are very popular. However, when rents went to 80% of market rents, people pulled out as they could not afford them; 80% is still unaffordable on Exmoor. The self-employed on Exmoor are nowhere near the living wage. Lambing is a good example of seasonal work which pays cash in hand. These people can never get mortgages due to their inability to prove a living wage over the relevant period of time. The "at least 20%" discount will need to be considerably more to assist these residents. A home at an affordable price of £130,000 would have to be discounted by nearly 30% to be truly affordable to the workers on the park.

Young people living on Exmoor are in dire straits. The park has conducted a survey to assess their housing needs. One young person felt that he did not have a housing need because he was able to sleep on the floor of a friend's caravan. There has to be more to life for these young people. Residents, particularly young people who work on the land on Exmoor, need properties suitable for their lifestyles. They need somewhere to keep dogs, store their equipment and hang soaking wet waterproofs when they come in at night from lambing et cetera. Properties provided in the park for those who have a connection to the park, and are lucky enough to be housed, must be protected in perpetuity for those coming after them—not sold off at a profit to those seeking to make a quick turnover. New market homes must be the principal residence of the occupier and have to be lived in, and not a second home.

5.15 pm

New homes are the lifeblood of these very rural communities, as we have already heard. Twenty new homes at Wheddon Cross made a huge difference to the school. It is no fun at all if you are a child in a class where there is only one other child of your age group. Children need friends in order to thrive and develop, just as the rest of us do. New housing in isolated areas for local people is an essential, not a luxury. There has to be a small rolling stock coming forward. I support this amendment and have to ask the Minister just

[Baroness Bakewell of Hardington Mandeville] what the Government's view is for the future of rural England. What of the small farmers, the beaters, the shooters, the carers of the vulnerable, frail and elderly—just where will these people live?

Turning to Amendments 56A and 57C, I declare my interest as the chair of the National Community Land Trust Network, an organisation of communities based and led by residents keen to provide housing in their locality for those who cannot afford traditional open-market homes. The effect of the right to buy on the growing CLT movement is likely to be disastrous, hence it is important to achieve exemptions in the Bill. The 175 CLTs across England and Wales are run by local people to develop and manage homes as well as other important assets valued by communities. The very purpose of these CLTs is to develop homes that are affordable in perpetuity. These homes are not just to benefit one generation; they are intended to benefit every future occupier.

The right to buy, if extended to CLTs, would go against their basic aim. It would threaten the very existence of this small but vibrant community-led sector. Many CLTs are nervous that an exemption in a voluntary agreement leaves them vulnerable to coming under pressure to sell their homes. It is vital for the stability of this small but energetic sector that the Bill gives them the clarity and certainty they need to plan securely for the future. This should be in the Bill.

Farmers and local landowners have in the past, as we have heard, either donated their land or offered it for CLT schemes at well below the market value. This is unlikely to continue if they feel that the homes built will be sold off. Community support will also disappear if there is doubt whether the homes will be there for this and future generations looking for a home in their community.

The journey from the inception of the idea of a community-led scheme to the homes being occupied is only possible through the many hours given by volunteers from the community. It requires great patience and perseverance on the part of all those involved. At a single stroke, this commitment and hard work could all be swept aside and the aim of the organisation undermined by the right to buy.

Villages and urban neighbourhoods need younger people to remain there and not be forced to move away in order to be able to afford a home. Town or country local businesses will only thrive if there is a local workforce. The fabric of our communities is dependent on there being people from all walks of life. Too often we see villages becoming enclaves for the elderly, all experiencing decreasing mobility and increasing frailty. They need younger people to assist them in their daily lives and to maintain their dignity. They can do this only if they are living close by and not travelling out on a daily basis from the nearest town.

CLT developments usually provide a mix of tenures: some for affordable rents, some for shared ownership and some for sale at discounted prices. This mix of tenures is the lifeblood of communities which seek to provide for those in them who are less well off and to maintain a healthy balance among the residents.

I turn to Amendment 57A. It is not unreasonable for the grant paid to housing associations under the right to buy to be retained in the area where the original dwelling was situated, and for the proceeds of that sale to be reinvested in that area. That is particularly important when we are considering rurality. Where villages and hamlets are small but had local authority, council or social housing in the past, tenants took advantage of the first right-to-buy legislation—and who can blame them? However, that has resulted in a dwindling supply of homes in rural locations, to the point where many housing associations report that they have only two or three homes in some villages, having taken over housing from local authorities.

The Bill means that those dwellings and homes can now be sold to the tenant, who could well wish to sell on the open market, make a quick profit and move on. It seems that the Government do not object to that, but it will drastically reduce the already shrinking supply of homes in rural areas. Rural properties are on average about £43,000 more expensive than their urban counterparts, and local wages are lower. As we have heard, someone on a lower-quartile income would need to pay almost eight times their annual salary to secure a home. The Rural Housing Advisory Group believes that the Bill will, over time, drive out people who live and work in rural communities, threatening the economic and social vitality of those areas.

As we have heard, only 8% of housing stock in communities of less than 3,000 people is classed as affordable, compared to 19% in urban areas. A universal right to buy could see the remaining rural social housing disappear. Is that the Government's intention?

Baroness Redfern (Con): My Lords, the amendments reflect an effort to address concerns about adequate housing provision, as well as how best we can ensure that everyone has somewhere they can truly call their own. I should first declare an interest: I sit on the Ongo board, which is a housing association in my local area, and am a leader of a local authority.

As noble Lords may be aware, since the right to buy was introduced in 1980, nearly 2 million people have used it to get on the property ladder. This is a noble feat of which we should all be very proud. Home ownership provides stability to families, and should not be restricted or out of the reach of some. Since breathing new life into the policy in 2012, we have found that the appetite of social tenants for home ownership is even stronger, and it is an aspiration for many people.

The Bill is therefore about not just bricks and mortar but providing suitable homes that meet people's current or future circumstances and how best we can meet that demand. These clauses illustrate the Government's continued commitment to extend the right-to-buy scheme to housing association tenants and increase house supply.

I am pleased with and fully support the agreement that Her Majesty's Government reached with the National Housing Federation to enable the right to buy to be implemented on a voluntary basis. The agreement potentially gives all the 2.3 million current housing association tenants the opportunity of home ownership through right-to-buy discounts. This offer would provide a significant increase in the supply of new homes in

England by ensuring that every home sold is replaced with a new property. In return, housing associations will be fully compensated by the Government for the cost of the discount.

It is particularly welcome that in some cases housing association tenants would be offered a portable discount to purchase an alternative property to the one they live in, should that better suit their circumstances. Housing associations would also have the freedom to replace the properties sold with alternative tenures, such as shared ownership, where that is more appropriate.

There is no doubt in my mind that the continuing benefits of home ownership will have a positive impact on the lives of people like you and me. I welcome the continued co-operation of the federation, its members and the Government in developing new and innovative products so that every tenant in England, if they wish to, can buy a stake in their home.

I mentioned earlier that the Bill will ensure that we provide suitable homes that meet the demands of those who may or may not wish to buy their home. Evident in that regard is the success of the continued partnership of Her Majesty's Government and housing associations in delivering new homes that the country really needs. Both have the essential shared ambition to extend the benefits of home ownership to existing and future tenants. We should congratulate those housing associations which have already developed innovative approaches to enable their tenants to access the housing market through flexible tenancies and equity stakes, to name all but a few. We should not forget that the Government also introduced, for the first time, the commitment to deliver a one-for-one replacement of housing stock when sold, and 165 out of 167 stockholding local authorities chose to do so.

This Bill has shown the importance of the role of local government in the local decision-making process. Many local authorities play a lead role in building new homes, and it is crucial that each and every authority respond to the needs of residents. They need to respond to the economics in local housing markets, as assessed locally by councils as part of their local plans, and encourage more smaller housebuilders to be involved in these contracts. We heard earlier from the noble Lord that small builders are particularly important in self-build schemes where they can increase the supply of housing far faster than some of the national builders and utilise their bespoke skills. Let us also not forget that this Bill will get the country building again, further housebuilding starts, which are at an all-time high, and increase the 100,000 jobs already created in the sector in the past two years. This opportunity will boost employment in the construction industry, create thousands of new jobs and apprenticeships for young people, support local economies and reduce the link between poor housing and poor health, which costs the NHS £2.5 billion.

We should be determined to maintain this momentum. The Bill's implementation will not only improve people's health but will save public money in the long term. This Bill will provide the potential positively to transform housing and planning operations in a way we have not seen before.

Lord Best (CB): My Lords, we are now deep into the debate on the implementation of the voluntary right to buy for housing association tenants. I did not feel able to add my name to the amendments in this group that seek to exclude some or all housing association tenancies from the grant to be made available to pay for the discounts for these tenants. I am, however, alongside my noble friend Lord Cameron of Dillington, and I support amendments in the names of a number of other noble Lords directing where the proceeds from any right-to-buy sales should be reinvested.

A good deal of controversy greeted the promise of a right to buy for housing association tenants when it appeared in the Conservative Party's election manifesto last year. In the event, the initial right-to-buy policy was changed to a voluntary scheme negotiated between the National Housing Federation and the Government. The resulting agreement has led to the federation being criticised for doing a deal with the Government rather than fighting to get this measure abolished. Parallels have been drawn with the last time the Government proposed a right to buy for housing associations, in March 1983. I was the chief executive of the federation at that time, and it mounted a campaign to persuade this House to reject the proposal. The House, which was largely Conservative then, did so by a large margin. As a result, the Government abandoned the measure and the stock of housing association homes has avoided being depleted by sales at heavily discounted prices over the past 33 years.

Should I now be exhorting your Lordships once again to reject this measure? The revamped policy still subsidises housing association tenants to purchase their homes, and therefore still means that they are not available to be re-let in the future to lower-income households. However, the deal now done differs from the earlier proposal of a statutory right to buy in fundamental ways.

First, no statutory right is being offered to housing association tenants. Rather, tenants will be able to buy, and receive substantial discounts to do so, if the housing association's board so decides. This acknowledges that housing associations are independent bodies, mostly charities, and they should decide on matters as important as this, rather than being told what to do by central government. It means that housing associations can protect some or all of their housing stock where, for example, they do not believe it can be replaced. For example, Hastoe Housing Association, a leading rural housing association, has announced that it will not be offering the right to buy to its tenants in rural areas, as defined in several amendments to the Bill.

5.30 pm

Secondly, again in contrast to the proposition that came before your Lordships in 1983, housing associations will receive 100% of market value of any tenanted property that they sell. The discount for the tenants will be paid in full to the housing association. This will therefore generate a capital receipt that could and should be used to replace the home that is sold and, sometimes, to produce more than one for one. Getting the full market vacant possession price for a tenanted property, which had previously been on the books for much less, strengthens the housing association's balance

[LORD BEST]

sheet and enables it to recycle assets tied up in property to build more homes. These funds are clearly very important at a time when grants for affordable housing have been considerably reduced.

Those two big differences contrast favourably with the previous proposal for every housing association to be compelled to sell on the very generous terms dictated by the Government, with no compensation for giving the tenant their hefty discount. Sadly, that remains the position for councils, which have no discretion in the matter and have to take the hit of the right-to-buy discount and, even after that, have to send a substantial chunk of the remaining sales proceeds to the Treasury. So I do not criticise the National Housing Federation and its chief executive, David Orr, for the arrangement it negotiated.

There is a further significant reason why that deal was necessary. It concerns the reclassification by the Office for National Statistics of housing associations as public bodies. At the time when the voluntary right-to-buy scheme was being negotiated, there were fears, which were subsequently realised, that housing associations—or "private registered providers", as the new jargon tediously calls them—would be reclassified from their private status to that of public bodies. Reclassification is a matter of considerable disquiet for the Government as well as for housing associations, because it means that borrowing by these bodies is regarded as public expenditure. Loans by housing associations then form part of the national debt, adding over £60 billion to it; worse, they increase the annual deficit by £3.5 billion per annum at a time when reducing the deficit is the Government's very highest priority.

Abandoning the idea of a statutory right to buy for housing association tenants did not head off the ONS; it declared that government controls over housing associations had already passed the point where these bodies could be regarded as private, and the ONS duly reclassified them as public non-governmental bodies. Hence the need for the deregulatory measures in the Bill, which we will come to later. If any statutory right-to-buy provision had been in the Bill, these legislative changes to deregulate housing associations so that they can be reclassified as private would have had to be wound back to cover the right to buy. The hazard here was rightly pre-empted by the federation's deal. If the negotiations had failed, the Government, with their manifesto commitment to give housing association tenants the right to buy, might have felt compelled to accept the ONS's changed classification of housing associations, affirming their public status. That would of course have been followed by imposing spending controls and borrowing caps on housing associations, as on councils, nullifying housing associations' future development plans.

Still, we are not out of the woods entirely on this aspect of the reclassification issue. The case still has to be made to the ONS that housing associations are genuinely independent of government control over the sale of their homes. The ONS must not be faced with a statutory right in all but name. Therefore the more that is left to the boards of housing associations to decide, and the less that is set out in statute, the better. Hence my reluctance to support a variety of exclusions in the Bill that would remove the entitlement to a grant to cover the discount for some groups of tenants and thereby appear to confirm the entitlement in respect of the other groups. At the same time, excluding some groups from this part of the Bill would mean that the tenant did not get a portable discount, which tenants denied the right to buy would otherwise receive to help them to purchase elsewhere. Denying tenants the opportunity to move out with a portable discount, which costs the housing association nothing, might seem churlish.

I am bound to say that the portable discount remains something of a mystery until the regulations relating to the new scheme are known. The noble Lord, Lord Young of Cookham, has suggested that portable discounts should not be confined to helping tenants to buy other council or housing association properties but should be available for those tenants to buy new homes on the open market. That would encourage increased supply and would not diminish the existing stock of much-needed social housing. It sounds like a valuable suggestion. With or without that improvement to the portable discount scheme, excluding certain tenants from access to these portable discounts, as well as excluding them from the opportunity to buy their own home, could be viewed as going too far.

So is everything now okay with this voluntary right-to-buy scheme, ignoring the question of whether a voluntary right is not a contradiction in terms? In a later group of amendments we shall come to the controversial mechanism by which the Government have chosen to raise the money that pays for the new discounts. I strongly disagree with that measure but it is not part of the voluntary deal, and no opprobrium should accrue to the National Housing Federation on account of that arrangement.

At this point there are some different concerns. Amendments in this group aim to ensure that the proceeds from sales not only achieve a programme of new homes but finance those homes in places where they are most needed. Since housing associations will receive significant grants to compensate for paying discounts, attaching some conditions on the use of those grants does not sound too interventionist. A key condition expressed in Amendments 57B and 57D is that in rural areas, if precious housing association property is sold, proceeds from sales should be reinvested in the same rural localities, either in the same parish or in an adjoining one. As the noble Lord, Lord Cameron of Dillington, set out, and as we discussed last Thursday in endeavouring to prevent the developments of rural exception sites being switched from affordable rented homes to starter homes, many village communities face acute shortages of homes for local people who cannot afford to buy.

We know that the boards of several housing associations that concentrate on rural housing, including Hastoe, which I mentioned, will not be offering their tenants the voluntary right to buy in rural areas. I believe that Ministers understand the special position of rural housing, which is at such dangerously low levels in many areas. I am sure that the regulator that monitors housing association behaviour in this regard

will respect the conscientious decision of these associations, including all the fledgling community land trusts that are now making such a welcome contribution in several areas. Housing associations working in rural areas would welcome any words of reassurance from the Minister today to the effect that the Government fully accept—perhaps indeed fully applaud—their decision to abstain from right-to-buy sales in those localities. The associations are not just acting in accordance with the agreements that they made with landowners and local authorities to assist local people but are increasingly in accord with the new neighbourhood plans.

Nevertheless, fears have been expressed that not all housing associations with property in rural areas will opt for a policy of no sales. Some, it is suggested—although I would be surprised by this—could see their homes in villages as a cash cow, with sales there netting substantial gains. They would expect handsome profits, not only because property prices are on average 26% higher than in urban areas but also because they have often obtained the land at a heavily discounted cost, usually because it was on a rural exception site but with no covenant or legal agreement to prevent sales.

I am doubtful that housing associations, which will most likely have had to go through a long struggle to add a few extra cottages in a village setting—frequently in the teeth of local objectors and sometimes only because of help from specialist rural housing enablers—would favour sales that would be bound to mean resales later to commuters, second-home owners and so on, which would undermine all their hard work. However, to guard against rural housing assets being plundered to pay for urban developments elsewhere, Amendments 57B and 57D would ensure that reinvestment of sales proceeds in the same rural locality. Therefore, while steering clear of putting exclusions from the voluntary right to buy in the Bill, I support these rural-focused amendments.

Lord Horam (Con): My Lords, it is very good to hear from the victor of 1983, if I may call the noble Lord that. It is also good to hear from my noble friend Lady Redfern, who speaks with the authority of a local authority leader.

I was rather disappointed by the rather gloomy tone taken by the noble Lord, Lord Beecham, and the noble Baroness, Lady Royall, earlier in the debate. Indeed, the noble Lord was uncharacteristically doom-laden. I know that the spirits of everyone who comes from Newcastle are entirely determined by the results of Newcastle United over the weekend, so from that point of view I can well understand his excessive gloom. As a supporter of Manchester United, I feel for him. What also worried me was a tone in his remarks which indicated so little trust in housing associations. I was there at the beginning of housing associations back in the 1970s, when I was chairman of a housing association called Circle 33, which is now part of the Circle Housing Group—I have nothing to declare, because I was directly involved in it a long time ago. However, I remember vividly the social concern which drove housing associations. Indeed, their critique was very much to deal with tenants and people who needed affordable housing at reasonable rates in a different and better way than local authorities dealt with them. Very often in Islington, where Circle 33 had its main operations, the local authority just turfed people out of areas and shoved them into quite different parts of London or the borough without any nem con.

Lord Beecham: Perhaps the noble Lord would take it from me that it is not housing associations that I do not trust but the Government.

Lord Horam: I am sorry, but from the noble Lord's remarks I felt that he showed a lack of trust in the motivation of housing associations. All the things he had down in his long list, which was almost Uncle Tom Cobbleigh and all—or perhaps the proverbial kitchen sink, which is rather more appropriate in the circumstances—would almost inevitably be taken into account by housing associations given the social concern they have at their call. Indeed, the noble Lord, Lord Best, pointed out that Hastoe, for example, has already ruled out having the right to buy in rural areas because it operates in rural areas. I understand these concerns—clearly, they are very real. For example, we understand the problems associated with supported housing units, co-operative housing, rural settlements and regeneration schemes in large urban areas. These are all real issues, which the House is absolutely right to draw to the Government's attention. However, they are also absolutely the things that housing associations themselves are concerned with. Indeed, I cannot imagine a housing association which would not take them into account when deciding whether the right to buy was appropriate in particular circumstances. Therefore although I understand the concerns expressed by the Labour Party and its spokesman today, and the Liberal Democrats, they have been excessively gloomy on this.

Lord Campbell-Savours: Is the noble Lord then suggesting that a housing association would have the right to say, "You can't buy that but you can buy that"? In other words, would it be able to be selective within the policy?

5.45 pm

Lord Horam: Indeed, the right to buy is at the behest of the housing association. It can decide whether a house is up for sale or not. If that particular house is not appropriate for sale it can of course offer the tenant another house, and there is the question of a portable right to buy somewhere inside or outside the public sector. Therefore all of that is possible, and I am sure that a sensitive housing association, after having a proper consultation with its tenants and so forth, will do the right thing in the end. It may make mistakes along the line but it has the full power and flexibility to do that, and long may it be so.

I will explode another issue which has come up, which the noble Baroness, Lady Royall, mentioned—that housing associations and others are not replacing houses on a one-for-one basis. Historically, she is correct—that is undoubtedly the case. The numbers have been very low; I think the figure is that one out of every 10 has been replaced by a new home. However, since the new right-to-buy provisions came in, it is more or less one for one. That is the fact of the matter over the last two or three years. As the noble Lord, Lord Cameron of Dillington, pointed out, we hope to

[LORD HORAM]
do better. We hope that this will galvanise housing associations. The truth of the matter is that in the housing association world, while there are many dynamic and quite large housing associations—

Baroness Royall of Blaisdon: I am sure that the situation has got a lot better but the figures I have are from 2013 and 2014, when the figure was eight to one, so there is still a long way to go. My problem with the financing is that it is not absolutely clear yet. We are at sea. We do not know what will happen vis-à-vis the financing, and to feel secure I want to know exactly what the formulae are—where the money is coming from, how it is coming, and so on—and we do not have that information at the moment.

Lord Horam: With respect, financing is a different issue, which we are not discussing on these amendments.

Baroness Hollis of Heigham: My Lords, I challenge the noble Lord on that. Clause 62 stand part is grouped with this, and that clause establishes the discount scheme.

Lord Horam: Yes, but that is a stand part debate; we are talking about amendments here. None the less, fundamentally, we are talking about the exceptions, the rural issues and all the rest of it, not about the financing of the right to buy—which comes up in later clauses which deal with how the whole issue is to be financed, not here.

Baroness Hollis of Heigham: Given that the debate on whether Clause 62 should stand part is, by consent, grouped with this group of amendments, and Clause 62 establishes the discount scheme for housing association tenants, it is perfectly appropriate in this debate to raise the issue of who pays as well as who gains.

Lord Horam: I am sure that the noble Baroness will raise the issue if she wishes to. I will certainly not stop her from giving one of her very eloquent speeches.

The point I wanted to make was that, historically—the noble Baroness, Lady Royall, is right—there has been a disproportion between the number of houses replaced and the number lost. However, that has changed in recent times and we are now getting one for one. As I was saying, the noble Lord, Lord Cameron, is right that this whole exercise is designed to galvanise housing associations into doing very much better. We know from the experience that we have had with housing associations that some are very good, some are very large and some are quite small and sleepy. Frankly, to some extent, there should be some merging in the housing association world, and there should certainly be a greater degree of activity than has sometimes been the case in the past. I look forward to that.

Finally, I agree with the point that the noble Lord, Lord Best, made, that there is a danger of overregulating in this area simply because of the "Office for National Statistics problem", if I may put it like that, of it being part or not part of the public sector. I doubt very much whether any amendments of the kind that have been tabled here would be welcomed by the federation and housing associations, and I doubt that they would be appropriate. It would certainly not help them to get out of the Government's clutches. The Government want them to leave their clutches and they want to get out of them, otherwise it will lead to all sorts of problems.

What I hope will happen is that, as a result of this debate, noble Lords' concerns will be heard not only by the Government but by housing associations, and we will in effect be nudged—if I may put it like that, using the psychological term of the nudge factor—into recognising that these issues are of concern to people in both rural and urban areas, and I hope that housing associations will take them fully into account, as I expect they will. None the less, I believe that the Government are right to proceed down the path that they are following.

Lord Taylor of Goss Moor: My Lords, I draw noble Lords' attention to my list of interests but I declare a couple in particular. One is that I am president of the National Association of Local Councils, which has a particular interest in rural communities. The second is a past but recent interest in that I was chair of the National Housing Federation for six years until September, therefore covering the period during which the voluntary agreement was negotiated with the Government.

I particularly associate myself with the comments of the noble Lord, Lord Cameron, and especially with those of the noble Lord, Lord Best, about some of the background to this issue. I was disappointed when the Conservative Party put forward the right-to-buy policy in the run-up to the general election and was even more disappointed to see it feature in its manifesto. However, I have to accept that it featured in the manifesto and, inevitably, the policy will be delivered. My disappointment stems from the fact that, if the Government feel that they have those kinds of sums to spend—or, more accurately, are going to require local authorities to sell houses in order to have those funds to spend—there are better ways of investing the large sums involved than giving a one-off benefit to a particular tenant who, at a particular time, happens to be in a certain property. There are many others who cannot afford a home and who are not in that privileged position.

None the less, that was not the context in which the voluntary agreement was negotiated. It was negotiated in the context of a Government with that manifesto commitment and a clear intention to deliver it, and they would always be able to see it through the Commons with their majority. I do not think that this issue would divide Conservative Members of Parliament in principle but they might have concerns about elements of it, and it is a particular element that we need to address today.

I take the view of the noble Lord, Lord Best, that it is extremely important that this House always defends the principle that the charities that are housing associations —the great majority are charities—are independent organisations. There are many reasons for defending that principle of independence. It is extremely important to the organisations themselves. It bears on their history and on their ability to do what is right for their tenants and their communities. It has produced enormous diversity and, through that diversity, has allowed them to face many different challenges. The negotiations

around the voluntary agreement were above all intended to preserve that principle of independence but they also achieved an important series of exceptions in principle. Those were acknowledged and therefore there was no question that housing associations would be able to make decisions about whether, in particular circumstances, a right to buy was appropriate.

The portable discount is an important element of that. If tenants in general have a right to buy and the discretion to refuse is with the housing association, it seems to me that that discretion cannot lead to a particular tenant being disadvantaged compared with other tenants. Therefore, I accept the principle of the portable discount in the circumstances in which we are now.

However, I believe that the circumstances of rural communities and villages are exceptional. In 2008, I conducted a review of rural planning for the then Government. One thing that I particularly focused on was the delivery of affordable housing in small rural communities, and the importance of that was clear. Many of these communities had seen affordable housing stock lost—not just council houses which had been sold but old farmers' cottages. In the past these cottages had often been rented out by landowners but they were gradually sold off at very high values to people who might be retiring to the community or might have a holiday home there. Unlike what had traditionally been the case with those more affordable properties, the people who bought them did not work on the farms or in the school, the shop, the pub or the local businesses. They did not have children who would go to the local school and they did not spend money in the shops and the pubs. Therefore, the risk was that these rural communities would become more and more unsustainable. They were becoming enclaves of wealth and retirement and enclaves of holiday homes, and they no longer supported a living, working countryside.

I observed that that had become of huge importance to many villages and parishes. We saw a transformation in the willingness to address the problem through the delivery of affordable housing. Increasingly, we saw communities support small numbers of affordable homes on exception sites, often with the support of the landowner, who would get little, or in some cases nothing, for the land. Places that traditionally had always opposed development were willing to support it for the delivery of affordable homes. In the *Living Working Countryside* report, I argued that we should extend that principle further and empower these communities to take those decisions through the parishes—in effect, neighbourhood planning. We have encouraged that and I very much welcome the fact that the last Government empowered communities in terms of neighbourhood planning.

I talked about empowering communities because it was evident that when people looked at their own issues, such as keeping the school open, how the children would be able to live and work within the community, and how the pub and the shop would be sustained, they recognised the central importance of people on lower incomes—working people within rural communities—being able to live within those communities. On sustainability grounds, frankly it makes no sense that these communities have become places for retirees—places where the land that gets farmed at all is farmed by people who live in the town because they cannot afford to live in the village. If care is provided at all, it is provided by people who live in the town because they cannot afford to live in the community. Therefore, that principle seemed to me on every ground absolutely fundamental, and local communities supported it.

However, above all local communities supported one principle, which was that the homes should be affordable for the community in perpetuity. They supported that because the landowner would not make land available if someone was going to make a profit from the sale of a house a few years later and it was going to become just another retirement home or just another done-up cottage to be used as a holiday residence. The community would not extend its support for that sort of planning through neighbourhood plans and, in the past, parish plans. I saw communities go through the process of finding the right site and welcoming the homes that were built, but it was always understood that these would be affordable in perpetuity.

Some of those homes were guaranteed to be affordable in perpetuity because the landowner was wise enough to put a clause in the contract on the sale of the land. In other cases, the landowner was far-sighted enough to include it as a planning condition. However, in many communities that was not the case. The houses were understood to be affordable in perpetuity, and it was understood that there was no right to buy. There was some discretion but a process with the regulator had to be gone through if the sale of a home was to take place. However, without the discount there was no great incentive for it, and these homes were not sold off.

We now have a different circumstance in two respects. First, the discount offer makes it infinitely more likely that tenants will come forward, if not with an eye to making money for themselves, very often with an eye to wanting to secure the home for their children—an understandable human response. Secondly, with the rent cuts and the falling away of grants, housing associations will inevitably be aware that if a sale takes place, it is unlikely that it will fund one-to-one replacements; it will actually fund a multiple of that. Therefore, if they sell one house, the truth is that it will, as a result of the rental streams and so on, allow multiple investments in new housing, potentially somewhere else.

6 pm

The rural specialists understand the deal that was done with the rural communities, and, anyway, their charitable purposes are all about in-perpetuity affordable housing for rural communities. However, a number of housing associations have been invited to build these homes on these exception sites and in these communities on the understanding that it would be in perpetuity, and they may feel that they have a wider social obligation that goes beyond the village. If they can provide multiple homes in an urban area at the cost of a sale of a rural home, they may feel that that is the right thing to do in terms of their social purpose. In my view, that raises some very big issues, because it is a breach of faith with the people who brought forward the land at low cost—very often the church, but otherwise the landowner—and with the community that supported

[Lord Taylor of Goss Moor]
the building of housing that would not otherwise take place. It also misses a fundamental issue: the reason we have exception sites is that we take the view that many of these villages should not simply grow indefinitely; that they are protected from development because of their particular character. Therefore, one cannot just assume that if we sell some houses, we will build some more. That would be to throw the baby out with the bath water and to say, "We might as well just grow all the villages, and that if we want to just grow all the villages then we don't need to have this discussion because there will be plenty of housing. But there will be very few villages—there will just be a lot of towns around our coast, beautiful countryside and national parks". Well, that is not going to happen.

I issue a general call to housing associations not to sell these homes in these circumstances. However, I make a particular call to the Minister to listen to the comments that have been made and, whether or not she feels that the particular amendments are right, to accept that there should be a role for the communities that have given permission in these exceptional circumstances to say no to a sale, as well as to the housing association. This is one area where I do not think it should be entirely at the discretion of the housing association. At the very least, if that sale is made and there is still the local need, there should be a guarantee that that funding will be spent within that local community to provide replacement homes. However, if there is a breach of faith on the understanding that these homes built on exception sites where housing would not normally be allowed was done with the support of the community on the basis of in perpetuity, I find it hard to believe that many communities will willingly step forward to offer another site on the same basis that they offered the previous one.

Lord Kerslake (CB): My Lords, I declare my interest as president of the Local Government Association and chair of Peabody. It is important to be clear that when housing associations signed up to the voluntary agreement, as Peabody did, they did so because they believed that it was the lesser of two evils. The alternative, as my noble friend Lord Best has very clearly described, was a mandatory scheme that would give much less flexibility and would, in effect, have made certain the prospect of being regulated, rather than a possibility of deregulation and being outside the public spending arrangements. The choice was difficult but was on balance rightly made to go for the voluntary agreement. However, we should not confuse that with an enthusiastic endorsement of government policy. We should be clear about that point.

This undoubtedly has created some tensions with local government. We should not beat about the bush here: local government feels that it is now picking up the bill for that voluntary agreement, and that housing associations sorted themselves out and left local authorities in a difficult position. I acknowledge that feeling, which I have had expressed to me—very directly, I should say—by a number of councillors from across London. There is work to be done by the national federation, and, indeed, by housing associations, to rebuild some of the connections they had with colleagues in local government. I applaud in particular the initiative by the g15 group and David Montague, the chief executive of London and Quadrant, to go out and talk to local authorities about the reasons why the decisions were made on the voluntary deal and where it led. That bridge-building has to happen, and it is an important part of the debate between what should be very strong partners—housing associations and local authorities.

It is in the nature of a voluntary agreement that it is very hard to build in statutory protections without taking yourself straight back to the issue of regulation. That is the problem: in a sense, we are trying to put statutory protections into a voluntary agreement. In the end, this is a voluntary agreement that is going to have to rely on a great deal of trust—first, trust that the Government will honour the spirit of the agreement and not force housing associations through the regulatory process to sell what they do not want to sell. In the case of Peabody, a critical issue for us is that 10,000 or more of our properties were built without any government subsidy touching them at all. We would not want to sell those properties, and we do not intend to do so. We must trust the Government and the regulatory body, the Homes and Communities Agency, to respect the spirit of that choice.

The second element of trust is that housing associations must deliver and honour the replacement process. It is critical that that replacement, so far as is practical, is in the same place and of the same type. It is not going to be acceptable to replace a social rented property with a starter home 20 miles away; that is not the same thing. It is particularly not the same thing in a rural area.

The third thing we are going to have to trust is that housing associations understand the fine grain of their area and work closely with their local authorities to get this right, particularly in rural areas, where the choices are very constrained—I may have left a rural area for the bright lights of the city, but I know exactly what the issues are. So we are going to need to exercise a lot of trust and if it does not work out, there may have to be future such debates. In the mean time, the amendments from my noble friends Lord Best and Lord Cameron are the best we can achieve by way of protections in the current circumstances.

I leave until last the issue I am most concerned about: the nature of the discounts and their financing. However, we will return to that in a later amendment.

Baroness Royall of Blaisdon: My Lords, on a point of clarification, the noble Lord said that Peabody, rightly and understandably, will have thousands of homes that it does not wish to sell. What will a housing association like Peabody do in relation to portability?

Lord Kerslake: As has been said by a number of people, there are real issues about what we mean by a portable discount. In my eyes, if we are unable or unwilling to offer a property or take a policy decision not to do so, the alternative discount may be offered on another housing association property, potentially one of Peabody's newbuild properties—we build some 1,000 properties a year. I have real difficulty with an open-ended portable discount, particularly those into

the private sector, which the noble Lord, Lord Young, is very keen on. That is for one very simple reason: it will be extraordinarily expensive—I do not know whether anybody has done the maths on this. There are major issues about the financing of this policy already, which we will come on to. In my view, it should not be an open-ended offer: it should involve a reasonable effort—as per the original wording—to find a suitable alternative if the property you live in is not currently on offer.

Lord Young of Cookham (Con): My Lords, I shall make a brief contribution to what I suspect is the most controversial part of a fairly controversial Bill. The background is two sentences in my party's election manifesto:

"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".

As the noble Lord, Lord Best, explained, that is being delivered not by legislation but by a voluntary agreement. This clause allows the Government to honour their side of that voluntary agreement by enabling them to pay grants to housing associations for the discount they give to their tenants. The amendments would not stop the housing associations selling anything to anyone, but they would stop the Government giving a grant to the housing associations if they do.

Baroness Hollis of Heigham: The noble Lord said that the Government would give the grant. Would it not be more accurate to say that the Government would port the grant from local authorities?

Lord Young of Cookham: The Government give the grant, but—I think this is the point the noble Baroness is making—they get the money from the local authorities which sell high-value assets. But it is the Government who give the grant to the housing associations.

The key thing about the voluntary agreement is that, while the tenant has a right to buy, the housing association has a right not to sell. Although there are lots of signals to housing associations in the amendments about what we in this House might not want them to sell, they have something much stronger than a signal from the Government: they have an absolute right not to sell anything.

If one looks through the amendments, which seek to exclude grants from certain types of property, and one then looks at the voluntary agreement the Government have gone into with the housing associations, one sees that specific reference is made to categories in many of the amendments. For example,

"properties in rural locations as defined by Section 17 of the Housing Act 1996",

are listed in the agreement between the Government and the national federation as circumstances where discretion may be exercised not to sell. Likewise, supported housing—housing adapted specifically for people with physical disabilities—is listed. Almshouses are also in the list as properties which are not expected to be sold. So, in a sense, it is a question of whether we trust the housing associations, which are right at the sharp end of the fight against homelessness and all the other challenges, to use the discretion sensibly, or whether we try to fetter their discretion in a series of amendments which run the risk, as the noble Lord, Lord Best, has mentioned, of reclassifying housing associations as public bodies. There would have been a huge risk of that if we had gone down the statutory road, but even fettering the discretion by way of these amendments runs the risk of the ONS in turn reclassifying housing associations as public bodies.

I notice that the noble Lord, Lord Beecham—

Lord Beecham: The noble Lord perhaps anticipates my intervention. If it is seen fit to include some categories, which the noble Lord has referred to, as ones that should not be sold, why not others?

Lord Young of Cookham: Because the housing associations have total discretion to include any category they wish, but there are specific categories many of which mirror the exemptions for local authorities. If one goes through it, one sees that it is a very sensible list of exclusions. Some of the amendments go far too far; for example, one amendment would exclude from the right to buy properties where there is a TMO, a tenant management organisation. I am a huge fan of tenant management organisations—they are a real success, both in the local authority and in the housing association world—but to exclude from the right to buy tenants living in properties run by a TMO is an amendment too far.

Likewise, another amendment seeks to exclude from grants properties covered by Section 106, even where the local authority agrees to waive the restrictive covenant. It would be a major exclusion from the policy if all Section 106 properties were to be excluded from a grant from the Government, as it would deny the legitimate expectations that many housing associations have. Can my noble friend the Minister shed some light on where we are on Section 106?

On the portable discount, the noble Lord, Lord Kerslake, said that it would be more expensive if it was open-ended. The cash discount that the tenant received would be exactly the same whether they bought a property from a housing association or whether they bought it on the open market. It is no more expensive than what is already proposed, so I would challenge that view. If the noble Lord is referring to the overall cost to the scheme, he will see that that is already potentially capped by the voluntary agreement according to the resources available.

6.15 pm

Lord Kerslake: The point I was making was that the wider the choice of opportunities to buy you give tenants of housing associations, the more likely it is they take up the offer of a portable discount, and the cost will therefore be higher. We will return to how this is financed, but I have a real problem—as I will say later—about a policy that effectively controls the spend by having to say no to people whom you previously promised you might say yes to.

Lord Young of Cookham: Whichever route one goes down, whether the discount is available in the open market or restricted to housing association properties,

[LORD YOUNG OF COOKHAM]
it comes out of a pot of money which is going to be restricted in any event, so I am not sure that the noble Lord's point is entirely valid.

The noble Lord, Lord Beecham, started his remarks with a prediction that this voluntary agreement would not survive a change of Administration.

Lord Beecham: It is the continuity of the Administration that bothers me.

Lord Young of Cookham: I remember similar predictions being made back in 1979, when we introduced the right to buy for local authority tenants. It was fiercely opposed by the Labour Party; we were told that it would not survive. Some 35 years later, it is still there, after 13 years of a Labour Government. So I predict that the voluntary agreement will survive beyond the lifetime of this Government.

At the end of the day, the key point is this: it is not a question of trusting the Government; it is a question of trusting the housing associations. They have a total discretion not to sell. There are many people in your Lordships' House who have run housing associations. I have every confidence that they will use sensibly the discretion given to them, in the long-term interest of tenants. Some housing association members will be slightly alarmed by the tone of some of this debate: that somehow, housing associations will not use that discretion sensibly and in the long-term interests of those in housing need.

The Duke of Somerset (CB): My Lords, I support the general thrust of all this group of amendments, but in particular Amendment 56 in the name of the noble Baroness, Lady Royall. With this part of the Bill, the Government are in effect further transferring housing assistance from the rented sector to the owned, so any examination of it should consider whether housing associations will be in a better or worse position once the Bill is enacted.

We should remember that the housing associations have a social mission that is enabled by the philanthropic actions of many providers. In the past 30 years, 1.8 million properties have been bought through the right-to-buy scheme, and the number of council houses has thus reduced from 5.1 million to 1.7 million. This has happened both through the right-to-buy scheme and through the transfer of stock to housing associations. Historically, losses through the right to buy have not been adequately replaced in either quantity or location. It is estimated that 40% of such properties are now in the private rented sector. It should be noted that housing benefit awards here are on average £1,000 per annum higher than they are in the social rented sector, so this is hardly getting people to own their own houses.

Amendment 56 would protect rural areas from the adverse effects of the right to buy. It is needed because the Bill is not properly rural-proofed. There is an ongoing need for a balanced mixture of tenures; that is, not replacing rented homes for people on average incomes with homes to buy for the better-off. Such a right would gradually destroy the rural exception sites, in both their conception and purpose. We know that they have delivered successfully around 7,500 rented or shared ownerships up to the present day. However, if this right is granted, it is vital that houses sold are replaced on the one-for-one basis that we have been hearing about and in the local parish or area, as I think the Government intend. If the replacement is not nearby, the area's stock of affordable housing will diminish or disappear. At present, only 8% of these are classified as affordable in the countryside, so we must not reduce that any further.

Delivery of this intention will be difficult, especially in the same area. I see, incidentally, that London is specifically excluded from the requirement. Difficulties are quite easy to see—planning permission, landowner acquiescence, the greater expense of building in rural areas, building capacity, even the revenue from the sale of council properties may well be insufficient. Those are just some of the difficulties.

At Second Reading, the Minister indicated that she expected that housing associations would replace locally. Has she negotiated with the stakeholders concerned—the local authorities, the communities or landowners' representatives—to enable this to happen? The portable discounts to be enabled by housing associations where they opt out of selling will suffer from the same disadvantages. These clauses will exacerbate the shortage of affordable properties and social cohesion in rural areas and I therefore support the amendment.

Lord Stoneham of Droxford (LD): My Lords, I would quite like to take up the challenge to the noble Viscount, Lord Younger, as someone who has been involved in housing associations for the past 12 years and chaired three different associations. I assume that the one that I currently chair, Housing & Care 21 is, fortunately, excluded from the right-to-buy provisions—I hope that the Minister will confirm that—because it is involved in retirement housing.

Personally, I am depressed by this whole debate on the right to buy. I cannot believe that a Conservative Government can produce such a complicated and bureaucratic proposal, particularly when we come on to discuss how it will be funded. Frankly, I fear that they have a manifesto commitment around their neck which ideally they would like to get out of but have failed to do so.

In the housing association organisation, I was tempted to let the Government get on with their own dirty work in implementing this legislation, but we have a voluntary deal and I respect that. My own association voted against it. But the mistake that the Government have made is that they have ignored the pioneering work that housing associations have been doing over the past 10 years to extend shared ownership. Indeed, they have got involved in private sales. Now the Government are undermining all that by bringing in this right-to-buy legislation. But we have already had the more general debate, so I will not go into that.

My own priority—and it should be all of ours—is to make sure that we are building more homes, and I have deep doubts about whether this will end up doing that at the end of the day. But we have a voluntary scheme. The only problem with that, which is why I support the amendments to which I have added my name in this group, is that we do not have sufficient oversight of what will go on, especially when there are

particular problems. That is why it is important that we have some exclusions achieved through these amendments. I mentioned retirement housing, but supported housing is also excluded. There are already exclusions.

Rural housing, as this debate has shown, is a particular problem. We know that it is a problem because the stock is attractive. Anyone who has the opportunity of a discount will break the earth to get the advantage of it in a rural area because you would have a very good asset. Even if someone cannot afford it, they will get the help of friends and family or whatever to get that discount. There will be immense pressure on housing associations to sell the stock.

I want to say a word about how housing associations are run in this country. I personally think that the structure of housing associations has been allowed to grow like Topsy. I am glad to say that quite a lot of the housing associations that I have been involved in have a link with their localities, but a lot of the bigger ones no longer do. We have to look at how the bigger housing associations will behave. I accept that they will generally be honourable, but the problem is that when there is the possibility of disposing of a little rural stock that does not really count for very much in your association and which would get rid of a management problem and is normally quite valuable stock, I am not sure that housing associations will resist the temptation to quietly dispose of those units. It may well be that they are the only source of money grant for building new stock in areas where they can make a greater surplus. I worry about that.

That is why we have to understand that the successful housing associations are increasingly bigger and will be remote from some of these rural areas. They will not be sensitive to individual rural areas and they could become the agents of government because they simply want to get more grant. We have to be particularly sensitive about that, which is why our role in this House is important. We cannot just leave it to the voluntary scheme. I support Amendments 57B and 57D because the grant must be used to reinvest in the parish or neighbouring parish to where the house is being sold, if that is unfortunately happening. We must recognise that there has to be some restraint in respect of this housing.

Finally, I want to say a few words about Amendment 57C and community land trusts. I have spoken in earlier debates on this subject. If we do not make some exceptions for the smaller community land trusts, which have often achieved what they have from small, exceptional sites, often having been given the land, we will dry up the source of these exceptional sites. Landowners will simply not give up that land if they think that someone else will make money for themselves out of it. That has to be recognised. For those reasons, the Government must give close consideration to these amendments, which I support.

Lord Berkeley (Lab): My Lords, I have listened very carefully to all the arguments concerning the possible disposal of some houses in rural areas owned by these community trusts. In Cornwall, where I live, I see big concerns about where essential workers will live, as the noble Lord, Lord Taylor, mentioned earlier. I also go to the Isles of Scilly a lot and that is what I want to mention. I put down Amendments 56B and 66CA to cover that, although I think the problem is probably covered by the other amendments.

The Isles of Scilly are 25 miles away from the coast and 2,500 people live there. The transport services, as I have frequently mentioned in this House, are pretty awful. You cannot commute there if you want to be a bus driver or anything. There is some affordable housing, but if that is sold, where will people live? Building new houses on those islands, which are very beautiful, is a problem. Demand for housing for essential workers is high, but the provision is virtually zero. If anyone does build a house, it is usually for a holiday let or because they have lots of money and they want to go there occasionally and leave it empty for the rest of the year, which happens so much in other parts of the country, including Cornwall.

If there is a strong argument for exceptions in the Bill for rural areas, there is an even stronger argument for the Isles of Scilly. It should not be allowed at all. I hope that the Minister will take that into consideration when she comes to respond. There may be other ways of doing this, but if there is no housing for essential workers in places such as the Isles of Scilly, where you cannot commute from the mainland to drive your bus or dustcart or work for the council, the community will die. This is a very serious issue.

6.30 pm

Lord Porter of Spalding: My Lords, perhaps the Committee will indulge me for a few minutes. I benefited from the right to buy in the 1980s, so unusually I have to disagree with the noble Lord, Lord Best, because I think that that was one of the mistakes this House has made in the past 30-odd years. The number of people who could have had access to home ownership was reduced, and as a country that is something we should be ashamed of. Why should the tenants of a registered social landlord have been precluded from an offer that had been made to the tenants of a council? There can be no justification for people living in two identical houses in the same street and in exactly the same personal circumstances where one has the right to buy and the other has not. If we had wanted to fight the battle on right to buy, that should have been done as a point of principle, full stop, not according to who the landlord was. Tonight's debate is really a pretty poor show for the 1.3 million people who will be expecting the Government to deliver on their commitment to give them the right to buy.

There are issues with the right to buy that I strongly disagree with, as well as ones that noble Lords on the other side would not want me to disagree with on the basis that it should not have been a voluntary deal. I do not think that RSLs should have been able to do a voluntary deal; they should have been compelled to do the same deal as councils. Given that it is a voluntary deal, all of the amendments that noble Lords are talking about this evening are a waste of time because we have to trust our RSL friends—there are a number of them in this Chamber—to deliver what we expect them to deliver. If we put it on the face of the Bill, we will scupper the voluntary deal and the Government will have to make it a mandatory one. RSLs will then be treated the same as councils.

[Lord Porter of Spalding]

From my point of view that is a good thing because I do not see why my members should have to pay for the failure of RSLs to deliver the policy properly—which this is. If RSLs were forced to do what councils have done, we would get more homes and home owners and it would cost us less money. We all know that the only difference between a home owner and a home renter is access to capital. Why does it matter to us if a house is sold in five, 10 or however many years after it has been bought? The house does not disappear; it is still there and someone is living in it. If a person has managed to get capital out of it, they have not disappeared with that capital; they have bought another property somewhere else that someone else was paid to build, so it has created more jobs.

I do not understand what the fetish is around expecting someone to exercise the right to buy and then die in the same house. I was 24 when I bought my registered social landlord house. My father is 96. Do we really think that it would have been a good thing for the country if I and my family had lived in the same property for 72 years? Where would the benefit of that have been for anybody? The capital I put back into the system was freed up so that another home could be built and future generations were able to live somewhere. As my life moved on into better circumstances, I was able to move out of that home with my family to a better area where my children's life chances increased no end. Who lost out on that? Nobody. What we will do by restricting access to the right to buy is prevent other generations getting the same thing.

With all respect—I know that noble Lords have good reasons for doing this—the exceptions needed to be built in at the start to reduce the cost to councils. Now that we have a voluntary scheme, councils are going to end up having to pay for it anyway, and that is what is wrong with this. I think that the money should come from central taxation, and that central taxation should be taken, probably, from the hidden profits that RSLs generate. They do generate them but they will not admit to it. Their business model could be reshaped and that would get us out of this, in particular on things like borrowing—£800 million a year too much on their borrowing requirements. That should be restructured and the money put into the pot before any councils are forced to pass over money. I will talk about this later when we reach the amendments dealing with the sale of high-value assets. Again, I do not disagree with the principle of selling them but I do disagree with the money being taken away from councils to be given to inefficient RSLs.

Lord Tope (LD): My Lords, we have been going for nearly two hours, so I will resist the temptation to reply to the noble Lord, Lord Porter—but it does take a bit of willpower to resist. Forty years as a London borough councillor does not obviously qualify me to speak in a debate that has been largely about rural housing, but I have added my name to Amendments 56A and 57C in the name of my noble friend Lady Bakewell about community land trusts. I did that because much of the debate has been about the role of CLTs in rural areas, but of course they are present in urban areas as well. Indeed, the London part on Sunday's "Politics" show devoted considerable time to a community land trust in the East End of London which is doing a very good job of enabling people in the area to acquire properties that are genuinely affordable at the level of income they have. In London that is a rare achievement and certainly one that is worth taking note of. As CLTs burgeon at a rapid rate, let us hope they also burgeon in London and other urban areas. That is why I support the amendments.

I rise at what I hope is towards the end of the debate to remind the Minister of the point made by my noble friend some time ago about community land trusts. They have a discretion not to sell CLT homes, but having spoken at their conference a couple of weeks ago and in fact the day after it was announced in the other place, I know that they still feel rather vulnerable about something which is simply a voluntary agreement. They fear for their longer-term future as regards homes that have been provided on a long-term lease to a registered provider because their needs may change. I hope that the Minister can address this point and try to give some further reassurance to CLTs because I do not think we want to see them going down this road.

Finally, I will simply point out that Amendments 56A and 57C are two separate amendments rather than part of a whole. If the Minister can find the time, I hope that she will address them as separate points, although I do not envy her the task of replying to a debate that has now lasted almost two hours.

Lord McKenzie of Luton (Lab): My Lords, perhaps I may add just marginally to the Minister's burden in that regard. I want to pick up on some of the rationale that has been advanced for the voluntary deal, which does not seem to me to be fair. We are calling it a voluntary deal but of course it is underpinned by a mandatory portable discount—so how voluntary is that? For once in my life I must take exception to what the noble Lord, Lord Best, said. He pointed out that this is different from the 1980s because housing associations are getting paid the full value for the property, but in the next sentence he said that this has nothing to do with housing associations because they have not lobbied in any way for councils to pick up the tab.

I accept that there is no formal link, but when housing associations made their judgments, they must have known full well that the tab was going to be picked up by local authorities. It was already a manifesto commitment, and indeed the briefing note sent to us by the Minister stated that this measure—the high-value local authority housing provision—was announced as part of the Conservative Party manifesto where it stated that local authorities would be required to,

"manage their housing assets more efficiently, with the most expensive properties sold off and replaced as they fall vacant",

in order to help fund the extension of right to buy to housing associations. It was clear that that was the intent and therefore, with respect, the housing associations must have known that the hit was going to fall on local authorities.

I accept that it was a difficult judgment and that they were between a rock and a hard place and trying to carve the best way through. But we ought to be straight on the rationale for this. The result of that voluntary association is that local authorities will have

to sell off more high-value housing than they otherwise would, because that is how housing associations will be kept whole.

Lord Best: Perhaps the noble Lord will give way on that point. I think it is fair to say that the National Housing Federation also made clear its public opposition to the way in which these discounts were to be funded. There may be common cause here on the way in which they are to be funded—including with the noble Lord, Lord Porter.

Baroness Hollis of Heigham: My Lords, if the noble Lord, Lord Best, will forgive me, I am not sure that that is correct. The chief executive of the National Housing Federation said:

"How this policy is paid for is a matter for the government, not for the National Housing Federation".

That is known as the washing-of-hands defence.

Baroness Grender (LD): My Lords, I will be extremely brief. I am trying to raise, by way of my probing Amendment 60A, the issue of exactly what happens when communities wish to object. In a way, it goes to the heart of some of the arguments that my noble friend Lord Taylor of Goss Moor talked about. In particular, if a piece of land has been given up in a small village and it has been assigned, in the view of the village, in perpetuity as a property, and that property is then sold under the right-to-buy scheme, what exactly can the local community do? Is there some kind of redress? Can they make an objection? This is merely a probing amendment; I support many of the other amendments.

I will ask the Minister a couple of questions, rather than add to the many arguments that have already been made on rural housing in particular. If, at the moment, only 8% of stock in rural areas is affordable housing, as opposed to 19% in urban areas, does she foresee measures in the Bill or elsewhere increasing that percentage stock? At the moment, according to the rural housing group, the only thing that is likely to happen is that that 8%, which is such a small percentage of affordable housing in rural areas, will contract. What is the answer to that?

My second question at the end of this lengthy debate is: if 90% of housing associations do not opt in to this—we have already heard from the noble Lord, Lord Porter, and we are getting a flavour of what the possible punishment might be—what percentage and proportion of housing associations delivering this policy, given that it is voluntary, will tip the Government into believing that there needs to be legislation to deliver their manifesto commitment? I tabled my amendment mostly because, as a former trustee of Wandle Housing Association, where we spent a lot of time trying to get tenant participation and engagement, I wonder about tenants' engagement and whether they will be able to express a view, whether in favour or against, on right to buy in their housing association.

Finally, I attach myself to the point that the noble Lord, Lord Beecham, raised right at the beginning, which is one that I raised very late on Thursday. I completely understand why it was missed. It is about mortgage lenders not wanting to attach themselves to the product of starter homes, about the danger of market distortion, as they see it, and about their reservations in this area.

Baroness Hollis of Heigham: My Lords, I will speak to this group, which includes the clause stand part debate. Last Thursday the noble Lord, Lord Young of Cookham, said that no one was opposed to council house RTB at the time. I was, for one simple reason: we were not allowed to retain the proceeds of sale to replace the stock. As a result we lost 10,000 houses, waiting lists have grown, and families are in unsuitable flats because our family houses have gone. I am not opposed to owner-occupation or home ownership in the slightest. We helped to rehab 12,000 mostly unfit Victorian terraced houses, rather than clear them, precisely to help young couples to be able to buy. Beyond that we built for sale, but that was a policy that damaged the possibility of people who would never buy entering decent homes.

What has happened since? Camden estimates that 40% of those right-to-buy council houses have become buy to let. In some authorities, according to last night's "Dispatches" on Channel 4, it is now over 50%. As you walk around estates, as I am sure your Lordships do, you see the overflowing bins, peeling paint, unkempt gardens and tatty bits of curtain strung across bedroom windows. There you find either struggling, transient private tenants at double the rent and double the housing benefit bill—which we all pay for—or students. Existing communities have become more transient and more unsettled.

Overall, the IFS has noted, the proportion of dwellings in the social sector has fallen from 31% to just 18% of the country's homes and now we are doing it all over again: housing associations have entered into a voluntary deal to sell—and replace, this time around—their stock. The deal works for them because they receive the property's full value, since the huge discounts of £80,000 to £100,000 are funded not by housing associations themselves, or by the Chancellor, who has imposed this policy, but, as the noble Lord, Lord Porter, said, by the forced sale of high-value, vacant council houses with the levy to back it up in lieu.

6.45 pm

As both a former local authority chair and a former housing association chair, I find this deal deplorable. I do not doubt for a moment that the national federation wishes that the policy would go away and that it feels that it has made the least bad of two bad choices, but, having given its members just a few days to consider the offer—one housing association chair complained to me that they were bounced—it has colluded in it. Poorer council tenants who will never buy will effectively either fund sales or levy for wealthier housing association buyers to have a gift of up to £80,000 or £100,000. I understand that local authorities were bypassed. In my view, they were hung out to dry.

In the press release of 7 October 2015, the housing association trade body claimed:

"This is a great offer for housing association tenants".

That is true. It went on that it was,

"a great offer for the country".

[Baroness Hollis of Heigham]
That is not true. As the Camden Association of Street Properties said:

"We don't see that local authorities should be forced to sell … their void properties to fund sales to housing association tenants",

who are not their responsibility. It went on to say that,

"such sales are to the detriment of local authority … waiting lists for homeless persons",

and persons in desperate need. In other words, if the Government want this policy, they should pay for it. They are not. They are requiring local authorities to pay for it instead. Up to £12 billion of public money that could—should, in my view—be spent on building more socially rented homes may be transferred into private hands to alter the tenure label over the door. Every councillor that I know, whatever their politics, is privately appalled at the deal. As one said to me, housing associations have sold them out. All this happened without proper parliamentary and public scrutiny—again, shocking. It is a huge transfer of public assets and public money in a so-called private voluntary deal.

Housing associations are understandably and rightly bitter about the 1% cut in their rents, but local authorities also face those 1% cuts, although few of us mention their plight. They have also had 40% cuts over the last few years and are expected to fund these huge housing association discounts. Housing associations claim—the noble Lord, Lord Best, spelled it out powerfully tonight—that this will protect their independence, but I warn him that a voluntary deal with no public law protection can be revisited whenever government chooses.

Housing associations faced a dilemma imposed on them by government. I fully recognise that but, if they truly cared about social housing more generally and generously, they should have worked with local government to find a different path forward, and not have said, as the chief executive I quoted just now did:

"How this proposal is paid for is a matter for the government, not for the National Housing Federation".

That is all right then. There were, and are, alternatives, such as the right-to-acquire discounts, which housing associations themselves could have funded, backed, as the IFS, Shelter, the noble Lord, Lord Kerslake, and Boris Johnson have suggested, by mortgage guarantees and equity loans—a sort of shared ownership of housing association tenants with government on very attractive terms. I think that we would all have supported that; I certainly would have. Instead, the trade body did a private deal, leaving poorer social tenants—council tenants—to pay for it.

Lord Taylor of Goss Moor: I want to be absolutely clear on this point: the National Housing Federation has never supported the requirement on local authorities to sell their stock to fund this. The offer that was on the table prior to the agreement was that there would be a statutory obligation on housing associations to sell and no statutory obligation on government to put in place the funding of the discount. The change was that there was no statutory obligation on housing associations to sell, but there was a statutory obligation on government to fund any discount. That was the change that was negotiated and that change protected the position of housing associations and altered in no respect the government requirement on local authorities to fund it, because that was in place in either case.

Baroness Hollis of Heigham: The noble Lord has made precisely my point: the housing associations have looked after themselves very well at a cost to local authorities. They knew, as my noble friend Lord McKenzie said at the time, that the bill would be picked up by their partners in social housing, local authorities.

As I said, the trade body did its private deal. It looked after itself at great cost, in my view, in money, policy, fairness and trust. Five years down the line, we know what will happen, do we not? Two social homes will be lost to fund one better-off tenant's huge discount. They cannot all be replaced; the sums do not begin to add up. And the abuses? As we have seen already, RTB properties will be recycled into buy to let. Many will grab their discounts and sell, like local authority tenants, into RTB. Others will be pensioners, living in spacious homes unaffected by the bedroom tax.

A housing manager told me a couple of months ago that one of his elderly tenants had reluctantly applied to buy. Why? "Because my daughter-in-law has said I won't see the kids unless I do". The vultures are hovering for her death, when they will receive a massive windfall gain, inherited, unearned and undeserved. The rogue wide boys will move in with malign versions of equity release —I could construct for you now three schemes that would do it—or illegal deferred resales. "Dispatches" last night showed that when council RTB discounts rose, such fraud went up by 400%. Would-be second-home owners will make irresistible offers, wiping out irreplaceable rural homes.

It is no use the Minister saying—she may not do this, but she said it about starter homes—that some abuse is inevitable. The Government should have built it out of their proposals. Instead, because the financial returns on abuse are so high, the Government have guaranteed it. The cost of that abuse, on top of the cost of the discounts and the cost of the entire scheme, will be funded not by taxpayers—not by us—not by the Government, who are imposing it, and not by housing associations, which will benefit from it, but by council tenants who are among the poorest in the land. Frankly, I am rather ashamed of it.

Lord Shipley (LD): My Lords, I do not envy the Minister having to reply to this debate in one sense, but it has been extremely helpful in identifying all the issues. I hope she will be able to take those away and come back with some amended proposals on Report.

It may help if we remind ourselves what Clause 62 is about. It enables the Secretary of State to make grants to private registered providers to cover the cost of right-to-buy discounts for housing association properties. Obviously, there are implications of so doing for other parts of the Bill. As we have been reminded, it brings housing association properties into line with local authority homes and it is, unlike that one, a voluntary scheme.

I think that it is fair to do this to housing association tenants. It is fair to them to take this step, as long as there are a number of very important safeguards in place. The first is that there should be one-for-one replacement in the same area. That is not in the Bill, although there is a statutory commitment for London to replace at two for one. I hope that the Minister will look very carefully at the principle of putting one-for-one replacement into the Bill.

Lord Beecham: Does the noble Lord suggest that this should be like-for-like replacement?

Lord Shipley: The noble Lord takes the words out of my mouth, because my second safeguard is that there should be like-for-like replacement in the same area. That involves a similar type and requires the same level of affordability and the same tenure. There should be a requirement to have like-for-like replacement in the same area unless the local authority concludes that there is no need for like-for-like replacement, given its knowledge that there is greater demand for bigger or smaller homes, for example.

We have heard a number of warnings about the impact of council house sales on the buy-to-let market. As the noble Baroness, Lady Hollis of Heigham, made clear, 40% of council-home sales have gone to buy to let. I hope that the Minister will be exceedingly careful about this. There are opportunities on other amendments to talk further about that.

There are two other things that the Minister needs to bear very carefully in mind. The first is that councils should not end up paying tithes to central government for high-value empty properties that are not empty—in other words, notional taxation. The second is that councils should not have to pay tithes to central government for properties which may be high value but which are needed for rent.

We shall look at that issue at greater detail on Amendment 66E, but the point is that we need a very clear definition of what the Government think a high-value property is. I had assumed, until quite recently, that high value was a market value in absolute terms, but I understand that government thinking, in terms of writing the regulations, is that there will be a definition of high-value for one-bedroom properties, for two-bedroom properties, for three bedrooms and for four bedrooms and more. We have to understand exactly what the Government's exact thinking is on the definition of high value.

I remind the Minister of a point I made when we had our Question for Short Debate a little while ago. I feel very strongly about the need to protect the rights of larger families to rent larger council homes. By their very nature, larger properties tend to be higher-value properties. I hope that we will not end up in a position in which houses with larger bedrooms, needed by larger families, are sold off into owner-occupation when there is demand for them. Larger homes—and homes in other categories which have to be considered—will have to be protected as rentable stock.

So there are a number of questions for the Minister. I agree with the noble Lord, Lord Porter, about the need not to sell off council homes—again, we are into Amendment 66E at this point—because I think that local authorities ought to have the right to decide whether a property should be sold off. Most properties, surely, are not surplus to a council's requirement. The prospect of high-value council homes, which may be essential in a local area, being sold off, with the result that a potential tenant who needs to rent that property will be denied the opportunity to do so, I regard as a scandalous potential outcome of this Bill.

7 pm

We have heard a lot about the impact on communities, on those on low incomes and in particular on rural areas and the need for rural exceptions. We have heard about community land trusts and the need for exclusions as a whole. Further evidence has been given to us about the potential market distortion that starter homes may bring about. I hope that the Minister will be able to reply to this huge number of points. If she cannot do so in responding to this group of amendments, I hope that we will have clarity on all these issues before Report.

The Parliamentary Under-Secretary of State, Department for Communities and Local Government (Baroness Williams of Trafford) (Con): My Lords, this has been an extensive debate and I hope that I can answer all the questions asked by noble Lords. However, if noble Lords will indulge me, the high-value aspect will come up in a later group of amendments. It is important to note that noble Lords' contributions on that will very much inform our considerations which are now under way.

My noble friend Lady Redfern made the point very eloquently that since right to buy was introduced in 1992, 2 million people have exercised it to become home owners. As I have said before, 86% of people aspire to own their own home, not to make a quick buck but because they have worked hard and they aspire to ownership, like probably almost all noble Lords in this House. Like noble Lords, when they own their own homes, their desire to do with their homes what they please should be respected.

My noble friends Lord Horam and Lord Young and the noble Lord, Lord Kerslake, made the very pertinent point that housing associations and local authorities best know their communities' needs in both rural and urban areas, and that they should be trusted. I hope there is no implication in this Chamber that in some way we do not trust housing associations. We do, and we have done for a very long time.

The noble Baroness, Lady Hollis, will forgive the fact that I did not see the television programme last night because I was replying to a debate in this Chamber held on the eve of International Women's Day. I shall watch that programme on catch-up TV at some point.

My noble friend Lord Porter asked why housing association tenants should not have the same rights as council house tenants have previously enjoyed. He is absolutely right. We are trying to put right that inequity. As he says, you could have one person living next door to another, with one having entirely different rights from the other in terms of ownership. In terms of the interest—

Baroness Hollis of Heigham: My Lords—

Baroness Williams of Trafford: If the noble Baroness does not mind, I will not give way. I would like to make progress and perhaps she would like to ask any questions at the end, if I have not covered her point.

Baroness Hollis of Heigham: This is a large group and we shall have trouble tracking all the questions that noble Lords want to ask as the Minister goes on from point to point.

Baroness Williams of Trafford: That is why I want to make progress. If the noble Baroness will pick me up on her question at the end, I will be very happy to answer it, if I can.

Twenty-one thousand housing association tenants have asked to be kept up to date on right to buy. That is an enormous number of tenants so far. A noble Lord asked about housing associations which enter the voluntary agreement. I recall that the noble Lord, Lord Best, picked me up on that issue. They hold 93% of the stock. Another noble Lord—I think it was the noble Lord, Lord Shipley—asked about the one-for-one being done on a like-for-like basis. It has never been on a like-for-like basis, and that is not something we wish to impose on, or agree with, housing associations.

Extending the right to buy to housing association tenants is an absolute key priority for this Government, with many residents looking forward to us making real their dreams of home ownership. As I say, 86% of people aspire to this. Clause 62 allows the Secretary of State—I emphasise that—to make payments of grant to private registered providers in respect of right-to-buy discounts. This is to ensure that the Government have the ability to compensate housing associations for the discounts to their tenants who buy their home under the terms of the voluntary agreement. Without it, there is no voluntary agreement. As my noble friend Lord Young and the noble Lord, Lord Taylor, said, this part of the Bill enables the Government to honour their side of the agreement.

I thank noble Lords for their comments on their amendments. I fully understand their desire to protect certain types of property and properties in rural areas. These amendments propose a number of de facto exclusions from the policy, and some restrictions on how the proceeds from sales can be used.

I turn to the points raised about exemptions. I remind noble Lords that it has already been confirmed in the other place that almshouses are exempt because the tenancies available in those properties are not eligible for the current right to buy and are excluded from the voluntary agreement. In giving other examples of where housing associations may exercise discretion over sales, I hope these may cover a number of the questions asked by noble Lords. For example, it would include properties in rural locations, as defined by Section 17 of the Housing Act 1996. This would generally mean properties in national parks, areas of outstanding natural beauty and places that have been designated as rural by the Government—the noble Baroness, Lady Royall, asked about this—that is, places where fewer than 3,000 inhabitants reside per hectare. This reflects the exclusions in the right to acquire. Another example is supported housing. This is generally housing designed with special features for people with physical disabilities. Also included are homes for people with special needs and those who require intensive housing support, so that would encompass a lot of housing for older people. The provision also includes homes for people with mental disorder where social services and other special facilities are provided or a home that is particularly suitable for elderly people, as I have said, and is let to a person of 60 and over. Also included are properties provided through charitable or public benefit resources or bequeathed for charitable or public benefit purposes and in the possession of the housing association before it became registered under the Housing Act 1974; so that would cover some of the Peabody stock. Certain specialist providers of homes of historic interest that have special significance to the community are included, such as almshouses, as I mentioned, as are other categories that apply to the existing right to buy and properties where the landlord is a co-operative housing association. In addition, properties are included where the landlord does not have sufficient legal interest to be able to grant a lease exceeding 21 years for a house or 50 years for a flat; where tied accommodation is occupied because the tenant is employed by a social landlord; where properties are held in a community land trust; and where there are clear restrictive covenants—we have spoken about this previously—in existing resident contracts around the protection of rural homes.

My noble friend Lord Young also asked about Section 106 properties being exempt from the voluntary right to buy. We are currently engaging with the sector on the implementation of the voluntary right to buy, including properties provided under Section 106 agreements, and we will announce more details in due course.

Non-government Amendment 55, in the names of the noble Lords, Lord Kennedy of Southwark and Lord Beecham, seeks to exclude the payment of discount on certain types of property so that housing associations would not sell them—in effect, creating on the face of the Bill exemptions for such properties from the voluntary right to buy. I understand noble Lords' concern about specialised housing and housing in rural communities. However, at the same time, we should not be ruling out the possibility of home ownership for tenants who live in these properties, if individual circumstances allow. It seems wholly unequal to prevent elderly or disabled tenants from having the opportunity to share in the benefits that home ownership brings. It might be, for example, that a property has been adapted specifically for a tenant and selling it to that tenant and freeing the capital to build a new unit for the next person in need is the best outcome.

The important point is that we cannot know all the individual circumstances that could arise, and to deny wholesale the life chances and opportunity which home ownership brings to older or disabled tenants "just in case" seems to me to be the wrong approach. That is why it is clear in the agreement that we have negotiated with the sector that it is housing associations which will have the discretion over whether or not to sell these properties. As my noble friend Lady Redfern said, they can take a view on the individual circumstances of the property and the tenant in the context of local housing supply and make reasonable and appropriate decisions in terms of what is best for their tenants and the communities they support.

The noble Duke, the Duke of Somerset, talked about local replacement, which I mentioned at Second Reading. Many housing associations will want to replace locally, because they often have links to the local communities that they serve, but we are not going to insist upon it. There is just an expectation that they will want to do

so. The noble Lord, Lord Beecham, asked about lenders not lending on starter homes. I do not want to comment on that speculation, but we want to ensure that anyone who works hard does turn their dream into reality. We want to listen to a range of lenders who are expressing a range of views. As I mentioned earlier, we will be consulting shortly.

The noble Baroness, Lady Royall, talked about the needs of rural communities. Over 85,000 affordable homes have been provided in rural local authorities in England between 2010 and 2015, but we know that more are needed and we are committed to delivering 277,000 affordable homes over this Parliament in both rural and urban areas. The 2015 to 2018 affordable homes prospectus made it clear that the HCA,

"in instances where a particular scheme, for example in a rural location, involves higher costs than the average for the bidder or area … whenever possible, will seek to take account of genuine comparators".

I turn to Amendment 56, in the names of the noble Baronesses, Lady Royall of Blaisdon and Lady Bakewell of Hardington Mandeville, and the right reverend Prelate the Bishop of St Albans. Similar arguments apply in relation to rural tenants about what would be the best level at which the decision to sell, or not, should be taken. I recognise the importance of ensuring that rural communities are protected, but the best way of doing that is not by preserving them exactly as they are now, but by supporting living, working and sustainable rural communities with tenants having real choices about where and how they live. The noble Lord, Lord Taylor, touched on the importance of neighbourhood planning and getting buy-in from local communities on the types of tenure that they wish to see. We have not talked much about neighbourhood plans today, so I thought I would bring out that important aspect. Acceptance for housebuilding has more than doubled in the last few years. Neighbourhood and local plans have added to the feeling of ownership in communities.

As a couple of noble Lords have pointed out, housing associations will, through the voluntary agreement, have the freedom not to sell rural properties that are important to communities but, as my noble friend Lady Redfern said, they would still be able to offer the tenant an alternative through a portable discount. However, they can only do so if they are compensated for the discount, which this amendment would remove. The amendment is not only unnecessary, because landlords will have discretion, but actually harms the choice and opportunity for people living in rural areas. The decision on whether to sell a property should rest with the individual housing association and should not be imposed through legislation. As the noble Lord eloquently pointed out, this would be lost by the imposition of legislation. We want local areas to decide their local priorities. The noble Baroness, Lady Bakewell, made a particular point about farmers. They are a very good example of where involvement in local plans actually leads to a far better outcome for communities and tenants.

7.15 pm

Lord Taylor of Goss Moor: Will the Minister reflect further with her colleagues on the contradiction in what she has just said? She spoke about neighbourhood plans and local communities setting the tenure, but the housing associations would make a decision on the sale without any reference back to the community. The engagement between the housing association and the community is important in that circumstance.

Baroness Williams of Trafford: My Lords, maybe I did not articulate it properly. The engagement between housing associations and councils with neighbourhood and local plans adds to the mix of a happy community or one that feels imposed upon. Local housing associations are very good at knowing what their communities want and what future tenures will look like.

The noble Lord, Lord Best, asked me about the Government intending to reverse the ONS classification decision. The deregulatory measures in the Bill are designed to address the reclassification of housing associations by the ONS. The Government would like the ONS to review its assessment, in due course, in the light of the effect of these measures, but it is independent and we cannot tell it what to say.

Amendment 56A, from the noble Lord, Lord Tope, and the noble Baroness, Lady Bakewell of Hardington Mandeville, would put an exemption in the Bill, but housing associations already have the discretion not to sell under the terms of the voluntary agreement—in the case of properties owned by community land trusts. This Government very much support community-led housing and we recognise the significant role that community land trusts can play in delivering locally led, innovative housing development, an issue we touched on at Second Reading. I fully appreciate that many noble Lords think that as well, but I find these amendments slightly odd. Surely, the way to protect community land trusts is to give them the freedom to manage their affairs in the way they think best for the community, rather than creating centrally driven regulations that will control the way they operate.

Under the voluntary agreement, community land trusts will be able to offer tenants access to affordable home ownership through a right-to-buy discount, the cost of which would be paid by government. This frees up capital which the trusts can reinvest, should they wish, as part of their significant contribution to the development and management of new affordable homes. I stress again: if they do not want to sell individual properties they do not have to, as my noble friend Lord Young said.

These amendments would take away the freedom of community land trusts to realise capital to reinvest, with full compensation from government for the shortfall, and the freedom to decide which properties could be sold. As with Amendment 57C, I do not believe that this would protect community land trusts. Rather, it would fetter their discretion and inhibit innovation and investment.

I thank the noble Lords, Lord Kennedy of Southwark and Lord Beecham, for their Amendment 59B on tenant management organisations and community-led housing schemes. The Government very much support community-led housing and recognise the important role that TMOs play in helping tenants to take an active part in the management of their home. The proposed new clause in Amendment 59B would mean that housing associations could not implement the

[Baroness Williams of Trafford]
voluntary right-to-buy agreement where TMOs have been set up and registered with the HCA. It would also prevent such organisations accepting payments made by the Secretary of State in respect of right-to-buy discounts. To be absolutely clear, tenant management organisations are not registered providers; they are management organisations which are subsidiaries of a registered provider. They are not, and cannot be, registered with the HCA, because they cannot own stock and are therefore not landlords. No grant funding to cover the cost of the discount will be made to such organisations under the voluntary right to buy.

My concern is that these amendments would, in effect, create a loophole in the implementation of the voluntary right to buy, whereby the setting up of a TMO would mean the voluntary right to buy could not operate. That may be what is intended but, if so, it will hinder the Government in delivering their manifesto commitment. Our aim is to ensure that social tenants can access available home ownership opportunities regardless of their landlord. It would be wholly unfair to tenants who want to take the opportunity to buy a home of their own to be prevented from doing so merely by the existence of a TMO.

Amendment 56B in the name of the noble Lord, Lord Berkeley, would exclude housing on the Isles of Scilly. I have been to the Isles of Scilly, very beautiful place that it is, and I understand the concerns about the loss of social housing on a small group of islands. But I have been clear in our discussion over similar concerns in rural areas that housing associations will have the discretion not to sell. They will be able to make this decision based on their knowledge and understanding of the needs of the local community. We want equality of opportunity for social tenants; it should not be denied to them just because they live on the Isles of Scilly.

Amendments 57A, 57B and 57D would require receipts from the proceeds of sales to be reinvested in the same area as the property being sold. We believe that these decisions are best taken by housing associations in light of local conditions and need. By seeking to constrain their discretion from Whitehall, we are limiting their ability to manage their assets to deliver their business and their charitable objectives.

Amendment 60A in the name of the noble Baroness, Lady Grender, would introduce a community right of appeal where there was local opposition to a sale under the voluntary right to buy. I cannot accept this amendment; housing associations know the needs of their local community and we believe that they will act in their best interest. As set out in the voluntary agreement, they will have discretion over whether to sell a property.

I thank all noble Lords who have taken part in this debate. I know that the noble Baroness, Lady Hollis, wants to come in, but I hope that with these assurances the noble Lord will feel able to withdraw the amendment.

Baroness Hollis of Heigham: It would perhaps have been more appropriate if the Minister could have taken the query at the time she was answering questions, as she did with the noble Lord, Lord Taylor. None the less, the point that was being established by the noble Lord, Lord Porter, my noble friend Lord McKenzie and I was that irrespective of one's views about right to buy—I can absolutely understand the argument that if local authority tenants have the right to buy, it should apply to housing association tenants also—at the core of the fairness problem, on which the Minister has said not one word, is who pays. Clearly, housing associations will be able to replace their stock because they will get full recompense for the discounts. That is fine for housing associations, but although the Minister has said several times that the Government are making the discount off the grant, it is not the Government who are funding it. It is being funded by local authorities and their poorer tenants. Will the Minister explain why it is fair that local authorities should be required to pay for the discounts of a tenure that is not their own?

Baroness Williams of Trafford: My Lords, I did not cover high-value assets and the noble Baroness's point because it has been an extremely long debate with lots of questions. Those points will come up in future groups of amendments.

Baroness Hollis of Heigham: But they were raised tonight. I think we have a right to hear what the Minister says so that when we address those subsequent groups, we can take her answer into account.

Baroness Williams of Trafford: I repeat that we will have full opportunity to discuss those points in future groups of amendments. I am trying to accommodate the House in moving towards the dinner break business. This has been an extremely long debate; I do not in any way wish to divest myself of my responsibilities for answering these points, but I ask that we address them in their groups. I am very happy to answer the noble Baroness's questions.

Lord Beecham: In that same spirit, perhaps the Minister will confirm that we will have the information on starter homes before Report.

It is interesting to look at what the impact assessment says about the right to buy for the housing association sector. It says:

> "Primary legislation is also required to monitor how these opportunities are being adopted so potential homeowners can hold their housing association to account, if necessary".

That is an interesting perspective on the degree to which the Government trust their partners in the housing association sector.

More important, however, is the next paragraph, which purports to outline the impact of intervention:

> "The Government expects the clauses within the Bill to facilitate housing associations offering home ownership opportunities to their tenants. Without the legislation, the Secretary of State, or the Greater London Authority would not be able to compensate a housing association for the cost of the discount … The Government will issue a prospectus setting out more detail of the scheme in due course".

There is not a word about the impact of the Bill on the number of homes that might be transferred by housing associations, the amount of money that will be received by the associations or, indeed, where it comes from. That is not an impact assessment; it is an announcement about the objectives of the policy. I shall return to

this theme, I am afraid, in later amendments. I do not blame the Minister for this, but it is a pretty poor effort.

The Minister rightly referred to people's aspiration to own their own home, and it is true that a very high proportion of people have that aspiration. But if that aspiration is to be fulfilled, it should not be at the expense of those who cannot afford to buy their home and who need to rent. We know what has happened to property sold under the previous policy of the right to buy council housing. As my noble friend has said, 40% of those houses are now not owned by aspiring owner-occupiers; they are owned by aspiring buy-to-let landlords who let out the property at much higher rents and at greater cost to the public purse than would otherwise have been the case because of the way in which housing benefit works. It is not, therefore, a simple case of catering to that need, as if there were no potential adverse consequences.

The Minister also referred to the opportunity for older and disabled tenants to buy their properties. However, these properties are very often purpose-designed and, as she said, fitted out for a particular purpose. There is nothing to ensure that after the original purchase, those properties will remain available for older people and people with disabilities. They could simply disappear and the people who would have had the benefit of those facilities may not get them.

The noble Lords, Lord Best and Lord Horam, talked about the risks of reclassifying these properties as part of the public sector, the implication being that this would have devastating consequences because it would somehow increase public indebtedness and the like. But the money is not going into thin air, it is going into assets. The assets will remain on the balance sheet. This is a phantom criticism, it seems to me, of the objections to the way in which the Government have proceeded.

We entirely support all the other amendments moved by the noble Lords, Lord Best and Lord Kerslake. I am disappointed that the noble Lord does not see the merit in Amendment 55, but I think that the arm of the housing association sector is going to be twisted. Indeed, the rather minatory words that I quoted from the impact assessment contain that implication—that pressure will be put on those housing associations. The noble Lord, Lord Porter, my successor—I was the first chairman of the LGA and the noble Lord is the current chairman; quite for how long remains to be seen but I suspect it may not end as quickly as I would like—was critical of aspects of what some of us have been suggesting but nevertheless made the very strong point that local authorities should not be expected to pay for this. I entirely endorse what he said in that respect.

Other issues have been raised. I do not propose to take much more time in winding up, but I would just like to refer to the noble Baroness, Lady Redfern, who is no longer in her place. She congratulated the Government on the basis that the Bill would get the country building. There is absolutely no evidence for that. There is no requirement even for replacement building, for example. There is nothing, certainly in what we are discussing today, which will encourage building, let alone building in areas where it is most needed, including the rural areas about which we have heard a great deal. The case for this arrangement has been far from adequately made in terms of the future impact on the housing needs of people who cannot afford to buy, who are having to pay extortionate private rents. Given that concern has been raised—I think by the noble Baroness, Lady Redfern, herself—about the unfortunate position of people who cannot afford properties, the reality is that there will be more of those people in rented accommodation than will be helped by this move.

I still take the view that while this is currently a voluntary deal, if ultimately the Government are not satisfied with the numbers—and of course we do not know whether they have a target number because there is nothing in the impact assessment to say what that might be—they will have recourse to legislation. I would be very surprised if that was not the case. The noble Lord, Lord Young, possibly slightly misunderstood me. My fear is that a second Conservative Government—or third Conservative Government, in effect; their former allies have dissociated themselves these days—would be driven to pushing further and requiring the same provision for housing association properties as they imposed 30 years ago on local authorities, with, in many cases, very adverse results. Having said all that, I beg leave to withdraw the amendment.

Amendment 55 withdrawn.

Amendments 56 to 56B not moved.

House resumed. Committee to begin again not before 8.34 pm.

Syria

Question for Short Debate

7.35 pm

Asked by ***The Lord Bishop of Coventry***

To ask Her Majesty's Government what is their current assessment of the prospects for a political solution to the civil war in Syria.

The Lord Bishop of Coventry: My Lords, today's short debate enables us to return to the prospects of a political solution to Syria's catastrophic civil war—a civil war which now represents the world's greatest humanitarian disaster and most dangerous geopolitical hotspot. The timing of this debate could not be more critical because, thankfully, we are now seeing tentative steps towards a cessation of hostilities in Syria and fragile efforts to resume face-to-face negotiations. The coming days and weeks will be difficult but when set against five years of utter desolation and destruction, these signs of hope represent an opportunity that must not be missed.

The tragic costs of this conflict are well known: 400,000 dead, at least 10 million displaced and more than 13.5 million in need of humanitarian aid. The contagion of Syria's war extends beyond its borders. We see this in the destabilisation of Lebanon and Jordan, in the growing pressure on Turkey's already tenuous democracy, in the threat of a wider conflict between NATO and Russia, and in the exacerbated tensions between Sunni and Shia majority countries across the region. Without peace, worse will come.

[The Lord Bishop of Coventry]

I have looked into the eyes of Syrian refugees who have come to my city of Coventry and in them I have seen something of the suffering they have experienced. There are those among those refugees who have lost hope for their beloved country. Next week, on the fifth anniversary of the beginning of this horrific war, I am visiting Iraqi Kurdistan to see some of Christian Aid's work among the hundreds of thousands of Syrian refugees who have found shelter among the Kurds. They, too, I am told, are rapidly losing hope. What is the real hope that we can hold out to refugees in Coventry, Cologne, Irbil and Beirut?

Noble Lords will be familiar with the story of Coventry Cathedral, emerging as it did out of the horrors of the Second World War. The House may be less familiar with Coventry's ongoing work for peace and reconciliation today and its grass-roots community reconciliation projects in Nigeria, Iraq and elsewhere. It is all too clear from this work and from other engagements with conflict that other Members of your Lordships' House will have had that the civil war in Syria takes its place in a wider picture of civil war in human history. Of course, we must study every war on its own terms but there is now a body of knowledge on what drives and what resolves such conflicts.

Four lessons stand out. First, negotiation does not work if either side thinks it can win outright. It also does not work if either side is unable or unwilling to act on its promises. Secondly, external supplies of arms do not help bring peace; they only promote and prolong the conflict. You give weapons to one side to help it win, not to help it make concessions. Thirdly, proxy wars result in stalemate. Civil wars where outsiders are involved on both sides are deadlier and more difficult to resolve. Fourthly, civil war leaves legacies of betrayal and hatred that require patient processes of reconciliation upon which societal stability and lasting peace depend.

Seen from this perspective, we are still a long way away from a reliable political settlement in Syria. Every side recognises that military solutions are no solution, yet all sides are betrayed by their actions. Everyone continues to jockey for position on the battlefield to secure a diplomatic advantage. If this continues or even worsens, with Turkey and Saudi Arabia becoming more involved, the Syrian people will surely come to see any political process as nothing more than a cruel façade.

Yet the ceasefire agreement offers the beginning of hope, with its provisions for a cessation of hostilities, humanitarian access and advancing political transition. As the UN Secretary-General Ban Ki-moon said just two weeks ago, it represents "our best chance" to end the violence in Syria. Secretary Kerry put it more starkly and called it our last chance. Yes, there have been ceasefire violations, and, no, the violence has not stopped, but it has been reduced. There are innocent civilians alive today who would otherwise be dead, and the agreement has given hope to those on the ground that an end to the violence is possible.

However, surely we can be more ambitious in the pursuit of peace. Too much of Syria remains an active conflict zone. What scope is there to bring different groups, whether officially or not, under the umbrella of the agreement? Is there not more that can be done here to agree with Russia the specific geographical contours of the agreement and to restrict Russian, and Turkish, latitude for military action? Are UK-Russia relations at such a low ebb that we have no influence in Moscow? Looking further down the line, to the long-term rebuilding of peaceable relationships between those who have fought each other, what work is being done to identify those people and organisations of peace in Syrian civil society who are already engaged in the work of reconciliation, among them some notable religious leaders? I would be grateful for the Minister's thoughts on all these matters.

The vital importance of providing humanitarian aid to Syria cannot be doubted. We all welcome and applaud the UK's efforts to date, especially the recent donor conference. In that spirit, a key part of the agreement was that, at the start of the ceasefire, aid would be delivered rapidly, safely and unhindered to areas in need. However, save for a few small deliveries by the UN, the vast majority of those going hungry have by all accounts seen nothing. In Darayya, one of worst-hit suburbs of Damascus, many remain on the edge of starvation. In other towns, access to medicines and other necessities remains poor. How can we build on the commitment to a ceasefire and widen its scope to meet these urgent human needs? How might we extend the agreement to prevent the looming humanitarian disaster in Aleppo?

Advancing a political transition in Syria is fraught with difficulty. Western Governments, including our own, have rightly accepted that sudden and violent regime change in Damascus cannot be made into the condition for peace, but we have yet to see a corresponding shift in the narrative over Assad's future. We need to accept that there is no viable opposition Government-in-waiting in Syria and little prospect of creating a unitary Government out of the myriad opposition groups. Other ways of resolving this impasse must be found. Could Her Majesty's Government instead explore ideas for gradually devolving political power in Syria, both from Assad to a newly formed Government and from Damascus to the regions? A devolved approach would not be without its difficulties of course, but it would help to protect civilians, open the door to aid and de-escalate the conflict before it reaches new heights. It would re-empower local communities while maintaining the country's territorial integrity.

There are no ideal policy options in Syria and no easy answers. None the less, we must surely now focus on the security and safety of Syria's people. This must be our priority, over and above geopolitical gain or the victory of any side in an unwinnable war. Whatever the shortcomings of the existing diplomatic track—there are many—it needs dedicated support and resourcing. Even if timetables slip, it is vital that progress is made, securing local ceasefires that could open the door to essential aid. If we do not act now, worse will follow. If we do not act now, it may be too late to act at all. I look forward to hearing from noble Lords as to how we might assist the Government in these efforts and rekindle hope for Syria's people.

7.45 pm

Lord Desai (Lab): My Lords, we are grateful to the right reverend Prelate the Bishop of Coventry for initiating this debate. Some of his remarks towards the

end, about the need to act, were very apposite. When we were recalled from our holidays three years ago when there was a danger of Assad waging chemical warfare on his people, I remember saying at the time that we should have intervened then. The question was not whether to intervene but when, and the later we intervened, the weaker our position would be.

I have also argued many times in your Lordships' House that the problem of Syria is not a problem of Syria alone but a general problem of the Ottoman Empire, as it used to be. The problems of Syria and Iraq are intertwined, and what has happened is a sort of general war within Muslim society in the Arab Middle East, with the added complication that the Iranians are now also intervening, because it has become a Shia-Sunni war as well.

Ideally, one would have a regional conference on establishing peace in the Middle East, including these many interconnected problems, including Syria, ISIS, Kurdistan—the movement to establish Kurdistan has got further, thanks to the civil war, than it ever has before—and of course the instability in Iraq. All these problems are intertwined, and I do not know that we are going to do ourselves very much good, or even build a lasting solution, by concentrating on Syria and Assad alone. Our problem of course has been that we do not like Assad. We wish that there was a viable national opposition to him, but it has been mixed up with the likelihood of jihadists from al-Qaeda and elsewhere—at the start, ISIS was not as powerful as it is now.

In the situation we face, although we have lost quite a lot of time, it is still possible to say that we should not just concentrate on the problem of Syria and Assad, although that is a central problem. There will be an unstable peace if, for example, we do not deal with the problem of Kurdistan, which touches on the territories of Iraq, Syria and Turkey. Turkey's role is of course vital here, because it faces a lot of pressure from Russia and other forces.

I would still urge Her Majesty's Government, along with our allies, to see to it that we have comprehensive negotiations on the various problems in the Middle East, especially to try to pacify the situation in Syria. That may, inevitably, involve the continued presence of Assad, but with some recognition that there is a legitimate opposition which has been fighting him, and perhaps the partition of Syria—I do not know—but it must also take up the problem of Kurdistan and peace in Iraq. Those would be vital tasks for us to perform.

Because we did not act quickly enough, Russia is much more involved now than it was when the question of chemical warfare first arose. Neither we nor the United States intervened, and our reluctance to go out and fight there has meant a much longer civil war and much more misery.

I know that, because of the Iraq war, we are all reluctant to go to intervene with boots located in the war, but our reluctance to act has made the war longer, more violent and more difficult to solve. However, given that is where we are, it is very important that we take every possible opportunity to propose an interconnected general solution to the problems of the former Ottoman Empire. We created the problem 100 years ago, and we have to solve it.

7.50 pm

Baroness Suttie (LD): My Lords, I thank the right reverend Prelate for instigating this extremely important and timely debate. As other noble Lords have said, as we speak, the deeply fragile and patchy ceasefire is holding, but the current truce, as with the war itself, is complex and highly precarious.

Since last May, I have been working for several days a month in Amman in Jordan as part of a team to assist with the ongoing political reform programme there—I refer noble Lords to my entry in the register of interests. One of my colleagues in Jordan is Syrian. He is a brilliant and dynamic young man. Many of his family members remain in Damascus: his father is unable to contemplate leaving Syria as he is very seriously ill. My colleague frequently talks of his childhood growing up in Syria, with its highly educated population and one of the oldest civilisations in the world. The life that he describes is one of a typical Mediterranean way of life that was really not so different from the countries on the northern shores of the Mediterranean. It is through the eyes of my Syrian colleague that I have been beginning to understand the appalling human tragedy unrolling in his country.

In the EU and the UK, we have tended to view the civil war in Syria through the prism of the fight against ISIS/Daesh, of European foreign fighters and of a struggle against radicalisation. However, I believe that we would all now accept that the war in Syria is considerably more complex than that.

When you speak to Jordanian politicians about the war in neighbouring Syria, they are much more focused on the economic forces and influences guiding the war in the region, not least from Saudi Arabia. I have regularly been told in Jordan: "You need to ask who is funding Daesh". In Russia, while visiting friends in January, I was struck by the scale of the anti-Turkish, and particularly anti-Erdogan, sentiment that now pervades the thinking of even moderate liberals in Russia. On Russian TV, programmes currently show their "heroic" fighter pilots in action over Syria, with patriotic music playing in the background as they describe how the Russians, rather than the West, are being successful in their strategy in Syria. The alliance of the Syrian Kurds with the Russian-backed Assad regime has undoubtedly added to the already high levels of tension between Ankara and Moscow.

It is impossible to separate the war in Syria from the current refugee crisis facing Turkey, Jordan and the Lebanon, as the two issues are inextricably linked. It is difficult to know the exact figures for Syrian refugees in each of those countries, but the burden on their already stretched economies is genuinely immense and potentially destabilising. For this reason, I commend the Government for their Syria donors' conference in London last month. Whatever the precise figure for the number of refugees in Jordan, the strain on the Jordanian economy from having such a high percentage of its population as refugees from Syria, as well as from previous conflicts, is enormous. Recognition of this fact, as well as the financial assistance offered from the London conference, was extremely well received in Jordan.

[Baroness Suttie]

At a conference that I attended two weeks ago in Istanbul on the refugee crisis, the Turkish participants stressed that they had not yet received the promised financial assistance from the EU to help with the approximately 2.7 million refugees in Turkey. This has been much covered in the media following yesterday's EU-Turkey summit. However, I ask the Minister about the Government's bilateral assistance for education for those countries with large numbers of Syrian refugees. I know that as part of the UK's bilateral assistance to Jordan, Lebanon and Turkey, we have been assisting with educational programmes. Research repeatedly shows that the children of refugees who have not been educated are much more at risk of radicalisation, and risk becoming a lost generation. Given that Turkey has the largest number of Syrian refugees, do the Government intend to increase assistance to provide education for the children of Syrian refugees in Turkey in particular?

The subject of our debate is,

"prospects for a political solution to the civil war in Syria".

It is difficult to be overly optimistic, but we must continue with the peace talks, as they continue to be our best hope for peace in the region. The current truce at least offers some respite to the Syrian population, who have been living through this conflict for five years.

We should also do more to explain the complexities of this war to the population in the UK and the wider EU. It will continue to be a deeply complex war, there are unlikely to be any quick-fix solutions and we need people to understand that. The refugee crisis will continue as long as there is war in the region. I fear that there is a very real danger that the conflict will slip further into a proxy war between the two increasingly autocratic leaders, Putin and Erdogan, both of whom can legitimately be accused of using the war and the refugee crisis to further their own political ends.

It is an explosive mixture of motives and events, and it is the ordinary Syrian people who continue to suffer. We owe it to them to keep trying to find a solution.

7.56 pm

Lord Wright of Richmond (CB): My Lords, I start by declaring an interest as British ambassador to Syria from 1979 to 1981. The noble Earl may have read reports in the press that senior officials in Washington have described the Administration's early attempts to get President Assad to leave as a "huge mistake". Does he agree that the Government's regular and continuing calls for President Assad to go are not only mistaken but reflect a false assessment of the extent of support which the Syrian regime, for all its faults, still enjoys—particularly, but not only, from the Christian and other minority communities living throughout Syria?

I hope that I may be allowed, not for the first time, to cite Hilaire Belloc in this House: remember to hold on to nurse for fear of getting something worse. There is something much worse available in Syria to take over.

Yesterday's Statement about refugees and migrants included the claim that HMG are leading the way in trying to lessen the need for people to leave troubled regions. Without asking the Minister to elaborate on that claim, I suggest that the best way to achieve it and to pursue a political solution in Syria must be to do everything possible to encourage an effective ceasefire, which might allow some of the Syrian migrants to return to their homes.

Should we not also be doing more to dissuade our friends and allies from following policies that can only prolong the fighting and lead to a further flow of emigrants? I refer in particular to threats from our Turkish allies against the Kurdish forces in both Syria and Iraq and to threats from Saudi Arabia and other Sunni forces to launch a military invasion of Syria, as part of their stated policy to remove a secular regime effectively supported by Iran and Russia, and which still controls that part of Syrian territory where the majority of the remaining Syrian population live.

To cite the chairman of the Foreign Affairs Committee in another place, the ultimate aim of our policy on Syria should be to end a war that has ripped apart the lives of millions of innocent Syrians and to unify the Syrian population against ISIL.

7.59 pm

Lord Judd (Lab): My Lords, I warmly thank the right reverend Prelate for such a wise and thought-provoking introduction to his debate. It was not easy to listen to him given some of the intellectual and practical challenges which he spelled out, but it was a vital speech and I thank him for it.

I am glad he stressed that this issue goes beyond the boundaries of Syria. Lebanon, Jordan and Turkey are vivid illustrations of that. As we concentrate on the ceasefire and the opportunities it provides, we must not lose sight of the immediate, huge challenges of providing solidarity and practical support to the people of those countries I have just mentioned. It is not just the refugees who need the support, although that is vital; it is also the people of the countries themselves because this refugee burden is bringing very heavy costs to them. We need to look to that as a priority.

In a life involved in issues of this kind, I have come to the conclusion that if peace talks are to succeed, they must be as inclusive as possible. To last and be enduring, it is essential that there is a sense of ownership among the parties to the conflict. There is a very big difference between peacekeeping and peacemaking. If we are to see peaceful, lasting solutions, it requires tremendous self-discipline from the outside world. Particularly powerful nations like us have to be very careful about trying to manage the situation. There is a huge difference between facilitating and managing because the solution ultimately has to belong to the people themselves. In so far as there is any sense that a solution was somehow arranged, made or imposed by other people, it has the seeds of its own failure within it.

As the right reverend Prelate said, no two situations are the same and you must be very careful about making comparisons, but I am surprised that we do not take more seriously the lessons from our domestic experience in Northern Ireland. I see that as an exemplary story of facilitation, not trying to impose our solution but enabling the parties to reach their own solution to which they are committed. That is why we should have

immense respect for those who were in bitter conflict but who now try to make a success of what they came to believe was essential and possible.

It is incredible to think of what the ceasefire must mean psychologically, quite apart from physically, for so many people, with the horror, strain, stress and anguish of constant bombardment easing. I am desperately concerned about the long-term mental health consequences of all that for young people and children in those countries, and I hope that we can give that issue great priority. While we concentrate on this, there are still many people in Syria who are still enduring hunger, disease, thirst, homelessness and the most awful situations. Since the UN resolutions made it possible for aid to be taken in irrespective of the wishes, views or policies of the Syrian Government, a great deal has been done to try to improve access and to bring relief and support to a widening circle of people, but much more needs to be done and I, for one, will be very grateful if the Minister will say how we are responding to that and how we are encouraging—and what success we are meeting in encouraging—others to step up that operation when it goes on.

My conclusion is my main message: the ultimate solution has to belong to the people of the area, and if there is one discipline that matters more than any other it is that outside powers, not least ourselves, but very much the Russians, the Americans and others, should resist playing the sort of game, as it is seen by so many people, that in effect aggravates the situation. They must discipline themselves into seeing that ownership of the solution is for the people themselves and we must facilitate that.

8.05 pm

Lord Williams of Baglan (CB): My Lords, the right reverend Prelate the Bishop of Coventry is to be commended for obtaining this debate. It is timely because, for the first time since the commencement of the conflict in early 2011, there are signs that a fragile cessation of hostilities is taking hold, and we all hope that it will be successful. It is too early to be overly optimistic, and it might be useful to remind ourselves of Winston Churchill's remarks after the Battle of El Alamein in October 1942, when the British Army secured its first substantial victory over Nazi Germany, that we are not at beginning of the end, but we may be at the end of the beginning.

With this in mind, I take the opportunity to salute the efforts of my former colleagues in the UN, especially Staffan de Mistura who, with his team, has worked tirelessly to bring this ceasefire about. I also commend the work of the United Nations High Commission for Refugees, which has endeavoured in the most difficult and dangerous of circumstances to bring relief to the hundreds of thousands of Syrians displaced within the country as well as in huge numbers in the neighbouring countries of Lebanon, Jordan and Turkey. History will surely recognise their generosity when Europe floundered amid recriminations not worthy of traditions that had hitherto welcomed those escaping wars and oppression.

As each year of the Syrian war has passed, the options have become worse and the choices more, not less, difficult. In 2011, it seemed that President Assad might join President Mubarak and Colonel Gaddafi as another dictator heading for the exit, and there was no apparent cost in saying that he had to go, as the Prime Minister said on many occasions. But on the ground, the situation has deteriorated and Europe has shown itself less and less able and willing to deal with the consequences, let alone the root causes, of this savage war.

As with the invasion of Iraq in 2003, we have fatally underestimated the dangers inherent in the situation. Why were we so taken aback by the rapid rise of so-called Islamic State—Daesh—which has further complicated an already hideous war? Then we were further surprised by Russia's dramatic entry into the war, which has radically changed the landscape, ensuring that Russia will be one of the principal arbiters of Syria's future. If there is any doubt in that regard, I refer noble Lords to the widely reported telephone conversation between President Putin and President Obama on 14 February. In a real sense, and at least in the Middle East, the bipolar world reminiscent of the Cold War has returned. The consequences of this are clear, given the cards that Russia holds; namely, that there cannot be any early exit of President Assad, but we can and should hope and plan for a meaningful transition. That, at least, we must guarantee for the Syrian people. To do less would not be worthy of a permanent member of the Security Council. In this regard, can the Minister say whether this was discussed in the recent summit between the Prime Minister and President Hollande of France?

In previous conflicts where I served with the UN, evidence of war crimes was referred to tribunals such as the International Criminal Tribunal for the former Yugoslavia, where I gave evidence against indicted war criminals such as President Milosevic, Ratko Mladic and Radovan Karadžic. There and in Cambodia, where I also served, we took it for granted that there must be justice when such terrible violations of human rights take place. What steps are the Government taking in that regard, given the widespread evidence of massive human rights violations in the Syrian war? Surely, as a permanent member of the Security Council, we have a huge responsibility in that regard. Specifically, could the Minister perhaps advise the Government of the necessity to consider seconding or otherwise making available forensic experts to the appropriate UN bodies?

We all hope that the UN may be able to strengthen the existing cessation of hostilities to make it a real ceasefire and perhaps a prelude to a political settlement. That will not be easy. Making peace, the great German statesman Bismarck is reputed to have warned, is like making sausages: you do not always want to see the ingredients. It will be a painful process. Finally, in that regard, I hope the Government are aware that Syria has a vice-president, a secular Sunni, Farouk al-Sharaa, who is widely presumed to be under house arrest by the regime. He could yet be an important figure in the transition that inevitably must come in Syria.

8.11 pm

Baroness Morgan of Ely (Lab): My Lords, I thank the right reverend Prelate for initiating this debate at a time of very important developments in the war in Syria. The Syrian war has already lasted longer than the First World War. It is a conflict that has claimed

[Baroness Morgan of Ely]
over 250,000 lives, injured a million people and caused the biggest movement of people since the Second World War.

One commentator has suggested that the conflict contains almost every national security threat that we can think of: it is a terrorist safe haven; it has opened up new fronts for Hezbollah; it has allowed training camps for western jihadis to flourish; there is the potential use of chemical and biological weapons; we have the potential for rogue states developing; and we have seen sectarian violence, the marginalisation of reformers and moderates, a massive flow of refugees, a humanitarian crisis and destabilisation across the Middle East, and the growing prospect of regional war.

After so many years, as the right reverend Prelate suggested, we have the first glimmer of hope with the first cessation of hostilities in years, although it is important to note that the jihadist groups of the al-Nusra Front and IS are not included in this cessation of hostilities. This represents the first step in the de-escalation of the conflict but it is a long way from being a formal ceasefire. It is a loose commitment to take further steps, but it is just that—the first step. There is no road map for implementation towards a long-lasting peace, but at this point it is easier to agree to a series of modest truces than to implement a broader plan. The benefits, of course, are great, particularly for the civilian population who have been living through the horrors of this war, and at last we are seeing humanitarian assistance gaining access to areas that have not seen help from the outside world in years.

However, we have a long way to go before we get to the end of this conflict. Let us not forget that the ruling party in Syria was a party to this cessation of hostilities, but there is a fundamental problem that still exists, in that the opposition parties cannot contemplate a future with Bashar al-Assad involved in any way. The All-Party Parliamentary Group on Syria found that 70% of those who left Syria were fleeing from Bashar al-Assad's forces, who killed 180,000 civilians in the years 2011-15. They still see Assad as a greater threat than ISIS. In fact, it is essential that despite the brutality and inhumanity of ISIS we swallow the uncomfortable reality that many Syrians are more content with ISIS and what they perceive as Sunni protection than they are with the idea of living under Iranian Shia influence and any form of continuation of the Assad regime.

On the other hand, it is worth reflecting on the words of Peter Ford, another former UK ambassador to Damascus, who has described UK policy on Syria as "unthinking". He laments the lack of understanding in the UK that the weakness of the rebels in Syria means that the alternative to Assad is IS. He questioned whether decimating the Syrian Army would make life harder for the Islamist extremists, who are probably the bigger and more atrocious threat. It was interesting to note that the noble Lord, Lord Wright, hinted at that in his contribution.

As we have seen in several examples in the Middle East and north Africa, it is easy to destroy or destabilise a state but much more difficult to create or rebuild one. Surely we have learnt from our interventions in Iraq and Libya that we must put as much effort into the peace as we do into war, and it is worth questioning to what extent it is the FCO or the military that is leading in terms of how we respond in the Middle East. The fact is that in our intervention in Libya we spent 13 times more on bombing that country than we did on rebuilding it after the conflict. That eight-month intervention cost £320 million, yet we spent only £25 million on reconstruction. Is it any wonder the country descended into chaos? A rebalancing of diplomatic activity and military activity is imperative, and we must not repeat our mistakes in Iraq and Libya in Syria. It was gratifying to see that post-conflict stabilisation and reconstruction in Syria was central to the Motion put before the House of Commons last year.

An isolationist foreign policy is not the answer for the UK in the Middle East. Syria and its destruction has become a direct threat to us and we have a moral obligation to help the people affected by the crisis. We cannot simply stand by and wait for a political solution to emerge. As my noble friend Lord Judd suggested, the local actors must be central to the solution. There does not seem to be any strategy for this country nor this region and there is a need for a complete reassessment of British and EU foreign and security policy. Piecemeal and ad hoc "measures" cannot replace a comprehensive, long-term foreign policy strategy, which has been lacking in recent years.

There is a danger that Syria will become the theatre for great power rivalry in the world, with countries on both sides supporting or opposing President al-Assad and the groups of rebels that are ranged against him. We cannot afford to see a further escalation in this conflict, because the stakes and the consequences are too great. Ultimately, there is only one way to resolve the situation in Syria, which is to ensure a political resolution to the conflict. It is essential that we focus all our diplomatic efforts on this as the threat of the whole region unravelling and the potential for much wider global tension increases every minute that this conflict continues.

8.18 pm

The Earl of Courtown (Con): My Lords, I am most grateful to the right reverend Prelate the Bishop of Coventry and join other noble Lords in thanking him for tabling this debate. I also thank other noble Lords for their contributions which, although they came from wide-ranging parts of the House, all had the common aim and wish to see peace in the part of the world we are discussing.

The right reverend Prelate said that timing was critical and went on to talk about the four lessons that should be drawn from his activities in that part of the world. His description of refugees in his diocese was particularly poignant. I congratulate the noble Baroness, Lady Suttie, on the work she has obviously been doing and thank her for describing her experiences from travelling in that part of the world as well as in Russia. I also listened carefully to the noble Lord, Lord Judd, who asked a number of questions. If I do not cover them in my response, I will of course write to him.

As we have heard in detail today, the conflict in Syria—now approaching its sixth year—has had a terrible impact on its civilians. However, we must

remember that Assad's regime is responsible for this crisis. There has been a complete disregard for international humanitarian law and international human rights law. Civilians and civilian infrastructure, including schools and medical facilities, have been targeted by cluster bombs, barrel bombs and chemical weapons. Assad and Daesh have callously used siege and starvation tactics. Russia's military intervention last autumn—mentioned by a number of noble Lords—compounded the violence as it carried out air strikes on moderate opposition groups and civilian areas.

The UK's aim remains a stable, peaceful Syria with an inclusive Government who are capable of protecting its people from Daesh and other extremists. This is necessary to stem the flow of people fleeing Syria and seeking refuge in Europe, to tackle the threat we face from Daesh, and to ensure stability in the region. The United Kingdom is working strenuously to find a political solution as part of our strategy for Syria, which the Prime Minister set out in the House of Commons in December.

In late 2015, the International Syria Support Group began work to facilitate the start of political negotiations. In December, United Nations Security Council Resolution 2254 set out the framework for these, and proximity negotiations between the regime and opposition began under UN auspices in January in Geneva but were paused on 5 February. To facilitate a resumption of the negotiations, the ISSG agreed there should be a cessation of hostilities, and humanitarian access to named locations in Syria.

Since the cessation of hostilities came into force on 27 February, we have seen a reduction in violence, as many noble Lords mentioned, but obviously there is still much to be done. Although imperfect, the cessation is an important step towards bringing a lasting political settlement.

Through our participation in the International Syria Support Group task force on the cessation of hostilities, we are working to create a more robust verification system and to agree measures to address violations. We are, however, concerned about violations against opposition areas, which are in direct contravention of the cessation agreement. If these violations do not stop, opposition withdrawal is inevitable.

The noble Lord, Lord Desai, mentioned my right honourable friend the Prime Minister, who recently joined other European leaders in a phone conversation with President Putin to ask him to seize the opportunity created by the cessation to create a "positive dynamic" for the Geneva negotiations. I assure the right reverend Prelate that we will continue to try to work with Russia to resolve the conflict, but much depends on Russia's will.

A number of noble Lords mentioned humanitarian access. The desperately needed aid convoys now arriving in some besieged areas of Syria must be allowed to continue. Through our participation in the ISSG task force on humanitarian aid we are pressing for the United Nations to use the cessation to seek greater humanitarian access to all besieged and hard-to-reach areas, as called for in Resolution 2254. It is deplorable that the regime continues to delay access by not acceding to UN requests for access to Darayya, Aleppo and other places in desperate need. As of 3 March, 42 out of 56 UN requests for access this year remain outstanding.

As all noble Lords have said, Syria's conflict cannot be resolved militarily. Equally, a collapse of all its state institutions is not in anyone's interests. Assad cannot be a credible partner for us. He cannot unite Syrians, he cannot win broad, international backing and he cannot defeat Daesh. We must remember that he is the cause, not the cure. That is why we seek an urgent, inclusive, Syrian-led political transition away from Assad's rule. I listened very carefully to the speech of the noble Lord, Lord Wright of Richmond, with all his experience in this area. I am sure that my colleagues in the department will take careful note of what he said.

My right honourable friend the Foreign Secretary reaffirmed UK support for the Syrian opposition's High Negotiations Committee after he hosted Dr Riad Hijab, the general co-ordinator of the HNC, in London in February. The HNC is the broadest possible spectrum of Syrian opposition groups, representing political, armed opposition and civil society voices, and it is a legitimate and credible negotiating party. However, I make it clear that UK support for the opposition does not include lethal weapons.

The noble Lord, Lord Williams of Baglan, mentioned Geneva III and, in particular, the UN special envoy. I confirm to the noble Lord that we support UN special envoy de Mistura's plan to resume peace negotiations this month. These negotiations must deliver a political transition away from Assad to a legitimate Government, agreed by the Syrian parties, as called for in the Geneva communiqué. We are under no illusion that the political talks will be easy. We are, however, committed to doing everything we can to support them.

The noble Baroness, Lady Suttie, mentioned the London conference. As all noble Lords will be aware, $11 billion was committed—the largest amount raised in one day for humanitarian aid. In addition, on 4 February 2016 my right honourable friend the Prime Minister announced that the UK would more than double our total pledge to the Syria crisis from £1.12 billion to over £2.3 billion. This is our largest-ever response to a single humanitarian crisis.

The right reverend Prelate and the noble Lord, Lord Judd, mentioned reconciliation. We are providing a range of support for Syrians, including the moderate opposition, to help save lives, bolster civil society, which is so important, counter extremism, promote human rights and accountability, and lay the foundations for a more peaceful future. To date, this amounts to more than £70 million in non-humanitarian assistance inside Syria, with a further £30 million to bolster regional stability.

The noble Baroness, Lady Suttie, also mentioned education and children, which are such an important part of this. The noble Baroness is no doubt aware that the London Syria conference agreed to provide long-term support for refugees in the region to help them access jobs and education. Agreements made with Jordan, Turkey and Lebanon cemented this by committing to create over 1 million new jobs for refugees and residents, and by giving 1 million children access to education.

[The Earl of Courtown]

A number of noble Lords mentioned the religious minorities in Syria. I can confirm that we are supporting non-governmental efforts to promote dialogue between the different ethnic and sectarian groups in Syria as we seek further progress on a political settlement. Minorities including the Alawites, the Christians, the Druze, the Kurds and the Turkmens have been represented in these projects.

Noble Lords will be aware that, in February, we supported a UN Security Council statement condemning the abductions of the Assyrian Christians in the Hasakah region of Syria by Daesh and demanding their immediate release.

To conclude, we will continue to do everything in our power to ensure that the cessation of hostilities holds and that it creates favourable conditions for the resumption of political talks in Geneva. The United Kingdom will continue to engage with international partners and moderate representatives of the Syrian people to achieve a lasting and just peace.

8.29 pm

Sitting suspended.

Housing and Planning Bill

Committee (4th Day) (Continued)

8.35 pm

Amendment 57

Moved by ***Lord Kennedy of Southwark***

57: Clause 62, page 28, line 10, at end insert—

"( ) A grant made under subsection (2) must include a condition that, if the dwelling to which the grant is applied is sold under the right to buy, money equivalent to the market value (disregarding any discount) of the dwelling is spent by the private registered provider on the provision of affordable housing in the same local authority area or London, including at least one new home replacing that sold which is—

(a) of the same tenure, and

(b) located in the same local authority area or London borough,

in accordance with assessed local housing need."

Lord Kennedy of Southwark (Lab): My Lords, the amendment is in my name and that of my noble friend Lord Beecham. It would make a grant made to a private provider conditional on the equivalent market rate for the property sold under the right to buy being spent on the provision of affordable housing in the same local authority area, including at least one replacement home of the same tenure and in the same locality.

We have heard a lot from the Government about this policy not reducing the number of affordable homes, but I am not so sure. One problem we must grapple with when debating this Bill is the term "affordable housing", because I think it means different things to different noble Lords. When many noble Lords from the government Benches speak, they see affordable housing through the prism of a discounted rate of up to 80% of the market value. In many parts of the country, especially London, such housing would more accurately be described for people on low and modest incomes as unaffordable. There are not many noble Lords on the government Benches, with the exception of the noble Lord, Lord Horam, who have so far put the case for social housing and the need to build more of it. That is why we make specific reference to "tenure" in our amendment, otherwise we would be letting the Government off the hook when they say, "Everything is fine. We have provided so much more affordable housing. Haven't we done a good job?", when, in fact, if we look in more detail at what has happened, I fear that we will see an erosion of social housing, of council housing, and its replacement with "affordable housing" that is a very different product.

Amendment 60, in the name of the noble Baroness, Lady Bakewell of Hardington Mandeville, and other noble Lords, will be spoken to shortly and has the full support of these Benches. It would put in the Bill a mechanism to ensure that the tenure of a replacement property was the same as that of the property sold, unless on the basis of local need a different tenure could be justified. This seems a good, sensible example of delivering a national policy with an element of localism included. I will probably intervene again as the debate progresses. I beg to move.

Baroness Pinnock (LD): My Lords, I shall speak to Amendment 60, to which the noble Lord has just referred and said he will fully support, as will colleagues on his Benches—so I start off from a good place. Before I do so, I draw attention to my entry in the register of interests: I am vice-president of the Local Government Association and a councillor in the metropolitan borough of Kirklees, which, for those who do not know, is in West Yorkshire.

I am very pleased to be able to support Amendment 60, because looking back at the evidence from the right to buy of former council properties during the past 35 years is very instructive in determining whether there is any genuine, realistic hope of like-for-like replacements.

The example that I would like to share with noble Lords is from Kirklees. Prior to the right to buy, there were nearly 40,000 council properties in Kirklees. Now there are fewer than 24,000. Only a very small minority have been replaced by what we now call social housing. Indeed, in the last two years and within the period when councils have had the ability to enable replacements —which is rather different from ensuring that they are enabled, of course—403 homes in Kirklees have been sold under right to buy and only six have been built to replace those that have been lost. What provision is being made to ensure that we can get like-for-like replacements? Without them, we are pushing many people, particularly families, into private rented accommodation.

The provision of decent-quality housing for rent is vital. A particular case was brought to me by a local family. It illustrates why I am particularly concerned about the diminishing stock of social housing for rent. A young family with four children was renting a former council house which was subsequently run by a private landlord. It had what I would describe as 2.5 bedrooms and was semi-detached. It was about 50 years old. The rent was £600 a month—this is in West Yorkshire, not London and that is a lot of money in West Yorkshire.

The other half of the semi next door was still in council ownership under the ALMO that was set up when I was leader of the council, I am pleased to say. It was rented out at £320 per month, so the private rented accommodation was nearly double the price. That was not the only difference. The council house was in a good state of repair. The ex-council house had a leaking roof, which was why it was brought to my attention. The roof had been leaking for a while and the walls were damp, there was mould and the wallpaper was peeling off. The children had health problems, which the GP determined were partly caused by the state of the house. Obviously my first question to the mother who brought this problem to me was, "Have you spoken to the landlord? They should keep the house in a good state of repair. They have a responsibility to do that". "Yes", she said. "The only problem is that he lives in South Africa", and getting action through the agent to the owner was well-nigh impossible, despite the so-called responsibilities and duties of the landlord to do so. Fortunately, I was able to help her find good-quality social housing for her to move into.

That account paints a picture of what is going on. So when the noble Lord, Lord Porter, says, "Don't worry. We'll gain one when one is lost because the house is still there", yes, but what he did not say is that the tenure of that house can be just as important. The selling off of housing association homes will start once this Bill wends its way into law, and the experience of selling off council houses shows that we are pushing families who cannot afford to buy into private rented accommodation. Despite what the Minister and other noble Lords on that side have said, which is that it is important for people to have the right to home ownership, someone needs to explain to me how families that in my experience are often—not always—pushed into poor-quality and poorly maintained private rented properties will ever be able to own their own home. If that conundrum can be explained, I might have more faith in what is being done here. But currently all I can see is that those at the bottom of the income pile are pushed into low-quality accommodation, paying high rents that are not always covered by housing benefit, with little opportunity to put down roots in the community because the length of the lease is short and they have to move on. I know that we passed a Bill which said that if you complain you would not be pushed out, but it does not seem to have worked. I hope that the Minister will be able to explain that conundrum away for me.

8.45 pm

No family should be put into such a position. I taught history for many years and whenever we talked about the period of regeneration and innovation after the end of the Second World War, I would point out that the country decided as a principle that there would be a progressive housing policy in the sense that no matter who you were or what your income was, you had the right to live in a home of a decent standard. That was what was established and it continued to exist until the past few years under Governments of all colours. This is not a party point. But we are now in danger of creating a situation where families will be transient, with all the effects that will have on children in terms of their education. The quality of the homes they live in will not be as good as the homes of those lucky enough to be homeowners.

We know that one of the factors affecting the quality of children's lives is the standard of the homes they live in. That can affect their future health and certainly their future educational outcomes. I plead with the Government to think very hard about what we are doing to families that will be forced into private renting. How are they ever going to achieve what is said to be the aim, which is that of home ownership?

Lord Porter of Spalding (Con): I shall respond briefly to the noble Baroness. The point I made was that if I was living in that property paying rent for the next 74 years, or if I bought it and released the equity in it so that the landlord could invest the money in a replacement, it cannot be said that there would not be additional units because clearly there would be. The equity that was tied up in that unit was freed. It makes no odds to the country whether I was living in it for 74 years paying rent or whether I was paying Mr Bradford and Mr Bingley a mortgage on it. We got the money out and we could reinvest it in new properties. If the noble Baroness thinks that her record of selling 400 and replacing with six was a marker that we should all aspire to, I am a little confused. Surely she should have been looking at why they replaced the sale of 400, to free up the equity, with only six.

The arguments today should be about the size of the discount, not the principle of right-to-buy sales. There is a strong argument to make that the discount needs to be sufficient to stimulate demand and not excessive, but that is not a debate that I have seen any noble Lord choose to make. The noble Baroness has missed the mark with where she is playing the amendment. If I was on the Benches opposite, I would have come at this with a completely different pack. It is really important that we give everybody equality of tenure. If some social tenants have access to right to buy, they should all get it.

Baroness Hollis of Heigham (Lab): My Lords, I have a lot of sympathy for what the noble Lord, Lord Porter, said, but what we have been trying to say repeats to some extent what he said. The argument is about not just right to buy, although we can have different views on that, but who funds the discount. I agree that the proportionality of the discount matters and we want it to be only enough to help people realistically into home ownership, but to screw local authorities for it seems to me an issue about which many of us would worry. I include the noble Lord in this, but he can disagree if he wishes.

Lord Porter of Spalding: I largely agree with the noble Baroness: it is not right that local authorities are funding inefficient RSLs to make the discount up. The money should come first and foremost from the RSLs, but again, nobody on the other Benches is making that case. The case should be made that RSLs should be forced to sweat their assets properly. They are sitting on more than £2.5 billion on their balance sheets in cash, plus the unsecured money that they have that they could take out against those properties.

[LORD PORTER OF SPALDING]
That is where we should be coming from. If we do not stick to taking just them on, then we could come back to the Government and say, "Actually, the state's sitting on a lot of land that is redundant and not used for the purpose that it was originally bought for. It is sitting there undervalued". We should then purchase it or give it to local authorities to increase its value and then use that money. Again, nobody is making that point. Noble Lords are challenging the right to buy itself; that is not where the fire should be. The country voted to extend right to buy. We should be challenging the Government to find a way to fund it that is more appropriate and sustainable.

Baroness Pinnock: The noble Lord, Lord Porter, has not listened to what I said. Not one word did I say in opposition to right to buy. I did say that there was not the opportunity, once you have released that equity, necessarily to house a family. What happens, certainly under right to buy, which is the experience we have for council housing, is that councils are fearful—in fact, they would be foolish—to build houses subject to future right to buy because they will be constantly losing the equity value of it. It would be under right to buy constantly. Certainly in my experience of councils in West Yorkshire what is happening once a house is sold is those councils are either building properties that are not subject to right to buy or putting the equity into a community housing group so that they cannot be subject to right to buy. That is one of the problems that I have urged the Government to look at.

Lord Horam (Con): Can we come back to the amendment for a moment? It is on how the housing association spends the money it gets from selling a house. With the best will in the world, I am afraid that the amendment in the name of the noble Lord, Lord Kennedy, presents a problem. He knows London very well, as do I. The fact is that it is more or less impossible to replace a house sold in, say, Westminster with another house—certainly two houses, but even one house—in Westminster. It is simply impossible to do that in London, and nor is it necessary, because people who have lived in Westminster do not necessarily need to live in Westminster. They can live in Kensington, Surbiton, Lewisham or Bromley for all we know. The distances are not that great.

I do not know whether the noble Lord heard—he probably did—the very interesting evidence given by Philippa Roe, the leader of Westminster Council, at the hearings in the other place. She was saying that it is absolutely impossible to have a like-for-like replacement within a similar London borough. It cannot be done, because of density and because of cost, but you do need to do something in London. Clearly, we would be in favour of something in London, but she was hoping, in her evidence, that some sort of mechanism would be established between, say, a rich central London borough such as Westminster and, I will not say a poor outer London borough such as Lewisham, but another London borough, whereby they could agree a housing policy between them which would make sense by way of some sort of replacement in a cheaper area. They could thereby get very good value for money; they could get not only one but two or three houses for the price of one sold in Westminster or Kensington. So I think the noble Lord is barking up the wrong tree, if I may say so, in this particular aspect of his amendment, though I agree with what he was saying about tenure.

Lord Beecham (Lab): The problem with that is that you end up with a borough entirely of owner-occupied houses. In other words, you have a single tenure and it is one which effectively excludes people on modest incomes who cannot afford to buy. The suggestion that the noble Lord effectively makes is that we export those people to outer London somewhere.

Lord Horam: This is what ordinary people who do not have access to social housing have to do. If they have a job in Westminster they cannot actually afford to live in Westminster. We are putting people who have been in social housing in the same position as the ordinary person who does not have access to social housing.

Lord Beecham: That means that everybody is excluded from certain parts of the city; we lose a mix. I do not think it is a very good justification to say that because one group is unfortunately unable to do it, the rest must also be unable to do it. My daughter lives in Islington, which has been transformed now, as so many other boroughs have, with very high prices. Really, the city is being hollowed out, because people on ordinary incomes—teachers, police officers, street cleaners—cannot afford to buy or to rent these days. We are effectively creating a monoculture of better-off people in the heart of the city. That does not strike me as all that great—people will effectively have to move out, with the kids changing schools and all the rest. This is potentially a very disruptive process.

Lord Horam: It is not quite as brutal as the noble Lord says: there is already quite a mix in London. There is a much better mix in London, for example, than in, say, Paris or New York. All right, the mix may be somewhat lessened if we go down this path—I accept that. None the less, Philippa Roe was saying that she will make special allowance in her housing allocation for people who, for example, have to work in the local hospitals in Westminster. Clearly, you have to make some allowance in your housing policy for key workers and so forth, who you need in your borough. They will still keep doing that; there will still be a mix. The mix might be slightly different from what it is now, but there will still be a mix.

Baroness Bakewell of Hardington Mandeville (LD): My Lords, I will try to be brief, given the hour. Very grave concern has already been expressed about the right to buy causing a shortage of homes in certain areas. We all understand that the voluntary agreement between the Government and housing associations is for replacement dwellings to be built, but there is no certainty, as has been said, that these will be anywhere near the home that has been sold. Amendment 60 seeks assurances, as does Amendment 57 in the name of the noble Lords, Lord Kennedy and Lord Beecham, that the right to buy will ensure a steady, increasing supply of homes and not a declining one. It is not going to be acceptable to promise jam tomorrow. Housing associations must identify where the replacement dwelling will be before the right-to-buy one is sold off.

It is extremely important that the tenure of the replacement property is not only in the same location as that sold off but also of the same type. This tenure can only be varied based on legitimately identified local need in that area. We debated earlier in Committee the thoroughness with which local authorities research, plot and assess the housing needs in their areas. This housing need must not go unmet. Replacement homes must fit the gap in the local community created by the right to buy.

The powerful arguments made on the previous group are now on the record and do not need repeating, but they should be taken on board and acted on. However, I will just read the comments made in November 2015 by the beautifully named Yetminster and Ryme Intrinseca Parish Council, which is just over the Dorset border and about six miles from where I live. This relates to both starter homes and right to buy. The council says:

"The Bill gives housing associations with properties in a community of less than 3,000 the right to opt out of the Right to Buy scheme as it may be difficult for them to replace the houses in a rural community. The implication for our rural community needs further exploration.

The principle behind the starter homes idea is good, but after 5 years all the houses could be sold on and we will be back to a situation where young people cannot afford to buy. Surely homes identified as starter homes should remain so when they are sold on with the next purchaser able to apply for the same government-subsidy.

For Y&RI, we agree there is a need to provide low cost affordable housing for young people within the village but the Bill needs to address how our youngsters can afford to buy a house costing up to 200k (the amount may be wrong—but whatever it is—it is too much).

In summary, the policy implications for rural housing in this Bill are very worrying. There is an inherent danger that land owners will cease to provide land at charitable prices for the Hastoes of this world and the only land which will become available will be at commercial value which will reflect in the unit price of the houses. It is hard to see how this Bill will enhance the provision of affordable homes for our young people in rural areas.

We really hope this Bill will come in for serious scrutiny before it comes into force".

I think we are doing that this evening.

9 pm

Lord Campbell-Savours (Lab): My Lords, I have some difficulty with all these amendments. I was not going to speak because it exposes my difficulty; however, I will do so briefly. When the then Conservative Government decided to introduce the right-to-buy policy in the early 1980s, I was one of a very few Labour MPs who had reservations about opposing it. That was because my constituency at the time was in quite a deprived area with a lot of property in very bad condition, and the only way round that problem that I could see was to incentivise people on estates to buy their homes and thereby spread a culture of prettifying those estates and making them look pleasanter and nicer to live in. Under that scheme, gardens were done up, windows and doors were changed, roofs were redone—all sorts of changes took place. When I look back over the years, I see that that scheme worked. However, the problem was that while I was living up there I was also living in London and I could never understand the justification for selling local authority housing in London. That has been an absolute disaster.

When I checked this morning, I found that 43% of all the local authority property in Westminster has been sold off. A lot of it is now in the hands of private landlords—we are trying to get the statistics for that in Westminster—who very often charge four times the rent levied by the local authority. This Bill will denude London of most of its public housing stock. That will be the product of the Bill. I consider the estimate that 76% of this housing in Westminster will be sold to be an underestimate. I think that a lot more housing will go from the public sector than anyone ever imagined. Therefore, I have a dilemma: in parts of the country I can see the justification for this measure, but in other parts it will be an absolute disaster.

The Government say that we should leave this issue to the housing associations to decide. However, as cuts are imposed and as housing associations find that they have reduced resources, they will feel under pressure to sell. Therefore, what may appear to be a voluntary arrangement now will become a de facto mandatory measure because the housing associations will need to draw in this money to enable them to invest further.

My noble friend has moved an amendment which is particularly important in many ways. I disagree with the noble Lord, Lord Horam: I think it is possible to replace stock in the same borough—you just build high rise. If you compare high-rise and low-rise property, the figures stack up. I think I read somewhere that Boris Johnson—or was it Goldsmith?—had extracted an agreement from the Government whereby they were going to have to replace two for one in London. That is what we are talking about. Obviously, the Government have calculated that it is possible to do it, so my noble friend's amendment must surely be in order. The reasoning of my former noble friend, the noble Lord, Lord Horam, must be wrong. The Government believe it is possible.

Lord Horam: In London as a whole, but not in the same borough.

Lord Campbell-Savours: I see. If that is the case, and they are not in the same borough, it does not comply with the spirit of my noble friend's amendment.

If you get up at 6.30 or 7 am and get on a Tube train or a bus, it is full of people going to work. They are the people who service London and they cannot be coming in from Watford or outer London. They have got to have homes in central London because they service it. There is a whole world, which many noble Lords do not even know exists, of people getting up at unearthly hours of the morning to go to work. I wonder where they are going to live if 43% of Westminster is already sold off. Camden expects to sell off a huge amount of its property portfolio. Where are these people going to live? They are going to have to come in from the outskirts on Tube trains and buses. They will be exhausted. The whole arrangement is wrong.

Although people like me can see the case for the right to buy and believe it does work in certain areas, there are some parts of the country where it should not be allowed. If it is allowed, it must be on the basis of replacement by like property in the area where the property is being sold off. Otherwise, we totally disrupt the demography of central London in a way which is contrary to the public interest.

Lord Foster of Bath (LD): My Lords, a few minutes ago, the noble Lord, Lord Porter, began to introduce a debate about the broad principles of right to buy and whether people supported them or not. It is interesting to reflect on the history of the whole process. The Minister may be interested to know that the first time right to buy was proposed was by the Liberals—who subsequently opposed it on a number of occasions—way back in 1947. The Labour Party, which has a long track record of opposing the right to buy at various times, first introduced the proposal in their manifesto for the 1959 election. The Conservatives were very late to the party, until Horace Cutler proposed it for the Conservative-controlled GLC. It stopped briefly when Labour took control of that body, and was then reintroduced. All the political parties represented here have, at some time or another, been in favour of the principle of right to buy.

I continue to believe that the broad principle is correct. The issue has always been about the detail. The noble Lord, Lord Horam, was absolutely right to chide the noble Lord, Lord Porter, and say: "Let us get back to the specifics of the amendment". The specifics of Amendments 57 and 60 are very important. Looking at some of the details of the right to buy in relation to council housing, the coalition Government were absolutely correct to introduce a requirement for one-for-one replacement. The Minister should note that I have not said "like-for-like". However, since that was introduced in 2012, for every nine council houses that have been sold off, we have so far only had one replacement. It is inevitable that there will be a drag: it takes time to consider where a new home is going to be; to get planning permission; to gather together the finance and so forth; and then to have it constructed. I am hopeful—the figures give grounds for optimism—that the one-for-one policy initiative will gradually deliver, but it will take a very long time.

There are some 1.7 million council houses left, but there are 2.3 million housing association houses. If we are now to introduce a voluntary scheme for the right to buy housing association houses, depending on the decisions of the housing associations a very large number of properties could be involved. So it is important that we get right the issues that concerned us about the right to buy council housing.

We need to introduce at least a replacement scheme of one sort of another. Amendment 57 seeks to introduce that; it raises two issues and, very interestingly, does not raise, as I might have liked, the issue of size in the one-for-one replacement scheme. Amendment 60 would develop a way of speeding up the process so that a replacement plan would be in place, something that housing associations are more than capable of doing even before they get to the point of selling off any houses. We have a package of two measures on housing association properties that make sense in terms of the principle of having a replacement policy and a system of ensuring that housing associations have replacement properties coming on board. That is why I support both amendments.

Having sat in a similar position to the Minister and seen the sort of briefings that she gets, I know that she will come forward with reasons why there are technical problems with the amendments. I accept that there probably are technical problems with both amendments, but it will be very good to hear that in principle the Minister supports the idea of a one-for-one replacement scheme. We know that she does because it has been said already that for London it is going to be even better. Does she agree that the principle behind Amendment 60—that housing associations should get organised so that they can do a quick replacement—makes sense, and is she prepared to look at ways of improving any technical deficiencies there might be?

Lord Beecham: My Lords, the noble Lord, Lord Foster, has referred to the many attempts over the years to introduce a right-to-buy policy, which eventually came to pass. It is one thing to have a right-to-buy policy when you are building a lot of houses anyway; it is quite another when you are falling far short of demand and of meeting need for new houses. That has been a chronic situation for the past few years, and it has not materially improved. That is the context in which the issues have to be considered.

Having said that, I agree with the noble Lord that the wording of Amendment 57 may not be perfect; it is a question of replacing like for like, not just one for one. Unfortunately, the way in which much new housing has taken shape over the last few years means that we are looking at very small units. I keep saying this, but it is a fact—housing units built in this country are smaller than in any other major country in Europe. We are looking at, frankly, expensive housing offering little in the way of space in the market generally and, equally, in the event of a replacement scheme. I rather regret that my noble friend and I did not include like for like in the amendment. We may have to revert to that, because it would not do much good to replace a two-bedroom or three-bedroom house with a one-bedroom house or something equally small. The temptation to do that, I suspect, given the high land prices in London, would be very great.

It will be interesting to see whether the Minister agrees that we have to look at what we are replacing, rather than purely the numbers.

9.15 pm

The Parliamentary Under-Secretary of State, Department for Communities and Local Government (Baroness Williams of Trafford) (Con): My Lords, I thank the noble Lord, Lord Foster of Bath, for voicing Lib Dem support and enthusiasm for right to buy—the first party to do so. I thank all noble Lords for their amendments and for taking part in the debate. I fully understand their desire to ensure that affordable housing is not lost from an area through the sale of properties under the voluntary right to buy, and the particular concerns relating to rural areas.

Amendment 57, in the names of the noble Lords, Lord Kennedy and Lord Beecham, will limit how housing associations are able to use the proceeds from sales under the voluntary right to buy by requiring the replacement to be of the same tenure and in the same area as the property sold. I thank noble Lords for their comments on this matter. However, we think it is important that housing associations should have flexibility and not be restricted in replacing like for like when this

may not be the best solution for the area. One for one has never been on a like-for-like basis. We have always given that flexibility. By seeking to constrain housing associations' discretion from Whitehall, we are limiting their ability to manage their assets to deliver their business and charitable objectives. We believe that these decisions are best taken by housing associations in the light of local conditions and need. My noble friend Lord Horam mentioned Westminster, which is very cognisant of its key workers, and the interventions it is making in conjunction with its local housing associations. This is the type of freedom we wish to see.

The noble Lord, Lord Kennedy, said that the replacement homes will not be affordable. Not everyone can live in exactly the location they wish to regardless of cost, be they social housing tenants, private renters or home owners. The best way to make homes affordable is to build more. I do not think any noble Lords disagree on that point. Our reforms will ensure that social housing is prioritised for those who need it most. Obviously, tonight we are talking about one-for-one replacement but there are all sorts of tenures of housing—for rent, for purchase, for low-cost rent—and housing associations will take all those issues into account when determining what types of houses to build.

Noble Lords asked whether we had achieved one for one, and made the point about two for one in London. In 2013 there were 3,054 sales under right to buy and by 2015 there were 4,017 starts, so I think noble Lords can agree that that was on an approximately one-for-one basis in terms of sales and new constructions. In London in 2012-13 there were 632 sales and in quarter 2 of 2015-16 there were 1,240 starts. I appreciate that noble Lords will immediately pick up the three-year time difference but under that agreement there were three years in which to replace the houses sold. In the rest of the country that figure has been achieved and in London it has been exceeded.

The noble Lord, Lord Kennedy, said that the flexibility around the tenure of the replacement units will erode the housing stock. Housing associations should be free to replace the properties sold with alternative tenures—they have done and they will do, I am sure—where this may be appropriate for the community they serve. This can include shared ownership, which we talked about in previous debates. Obviously, a much lower deposit is required for a shared-ownership property.

The question was asked: what does the deal mean for London and social housing in the capital? The largest London housing associations have all signed up to the agreement. As with the rest of the country, receipts from the sales will be reinvested in the delivery of new homes. I will say again that these are additional homes and, as noble Lords have said, the homes sold remain homes for the people who have bought them.

I now turn to Amendment 60. I fully understand the desire of the noble Baronesses, Lady Bakewell and Lady Pinnock, to ensure that the replacements promised under the terms of the voluntary agreement are realised. This amendment would also require the replacement property to be in the same area and of the same tenure as the property sold. The agreement reached with the housing association sector is that, nationally, for every house sold a new one will be built—I am happy to confirm that again—which will increase the overall number of much-needed houses in this country. However, the type of home and where it should be are decisions that are best taken by those housing associations, many of which will be local and will want to replace those homes locally.

Lord Kennedy of Southwark: Does the noble Baroness think it is regrettable that if this carries on, we will lose social housing in the centre of London? The risk is that it will go to the outer London boroughs, and here in the centre of London there will be less social housing for rent.

Baroness Williams of Trafford: My Lords, we have been through the various types of social housing products that are available for housing associations to bring forward. Obviously, shared ownership schemes may be very attractive for them to build. The figures that I gave noble Lords about starts and replacements in London demonstrate that over the last three years, the delivery has been two for one. I would imagine that local housing associations, including those in London, will want to provide a mix of tenure. I do not deny the point the noble Lord is making about London being so expensive.

Lord Kennedy of Southwark: The noble Baroness mentioned the figures for starts. Does she have the figures for where those starts are in London? They may not be available now, but it would be very helpful if she could provide them.

Baroness Williams of Trafford: I do not know by borough where those starts are but will, if I can, provide the noble Lord with the figures. It would be interesting to see exactly where they are.

Baroness Hollis of Heigham: The Minister emphasised, perfectly sensibly I think, that housing associations should have some discretion in how they meet local needs and what types of housing they provide. I also take the point about shared ownership. Will she extend that same freedom so that housing associations can replace housing with social housing at social rents rather than at affordable rents, given that affordable rents are nearly double social rents? At the moment, they are not allowed to by the Government. Given this new localist agenda for housing associations, will she restore their freedom to them?

Baroness Williams of Trafford: My Lords, affordable rent for low-cost houses is certainly a lot cheaper than market rents, but I will take that particular point away and perhaps we can return to it on Report. I will need to think about it.

Lord Foster of Bath: I am very grateful that the Minister has agreed to look at that issue. She will be aware that the current default tenure for new rental properties is the affordable rent model, under which the rent is about 80% of the market rent, whereas social rent is about 50% to 60% of the market rent. The concern of many of us is that if we do not have some control over this, all social rent properties will just disappear.

Baroness Williams of Trafford: That is the point that I am going to take away and confirm with the noble Baroness. However, I am making the assumption that if local housing associations felt that there should be some property for social rent, they would be at liberty to provide it. I will take the point away and come back to the noble Baroness and the noble Lord.

Lord McKenzie of Luton (Lab): Perhaps the Minister could help me out on this. Great faith is being placed in housing associations. I accept that—they have a great track record—but in reality there will not be enough housing to deal with all the need in every area of the country. How does she expect housing associations to deal with that constraint?

Baroness Williams of Trafford: The noble Lord is right: in different parts of the country, there will be entirely different needs across different types of tenures. Housing associations will make a judgment on that, probably in consultation with the council, residents and possibly the local plan. I suspect that there are a number of mechanisms through which they will consider the types of housing to provide in that area. That is how they usually operate, and I do not see this to be any different. I promised to get back to noble Lords on the point about socially rented properties.

Lord McKenzie of Luton: That is helpful, but in so far as they do not fully cover the position, the residual risk and obligation will fall on the local authority to pick up the homeless, those who are disadvantaged and those who cannot access properties via housing associations. Is that right?

Baroness Williams of Trafford: There was a Question yesterday about homelessness. There are a number of government grants, some of which are directed through councils, either to prevent homelessness or to aid those who are homeless. Various mechanisms, including grants, already provide for certain types of housing, and I assume that that will continue.

Lord McKenzie of Luton: On the basis of our discussion before the dinner break, we identified that councils were picking up the tab for this policy. It seems that they will also have to pick up the tab when it fails people who have housing need.

Baroness Williams of Trafford: I would expect councils to work with the Government, housing associations and through the planning system to identify where needs are emerging. The noble Lord is absolutely right: there will be people in crisis need who the council will deal with through the various payments that they receive, such as discretionary housing payments. I would expect all those providers to be involved in meeting the needs of those in their area.

We should not be trying to constrain the freedom of housing associations to make sound business decisions about how to deliver their part of the agreement, or judgments about what is needed in various communities. Neither should we require them to identify replacement before a property is sold, because that would slow up the process for the tenant and in many cases would be impractical at the point of sale.

The noble Baroness, Lady Pinnock, made a point about right to buy at the expense of other tenures. I have made the point that we remain committed to build more affordable housing over this Parliament than from many years, including shared ownership and other forms of affordable housing. It is really important that hard-working people can buy affordable houses and get on the housing ladder. She also made a good point about the quality of the private rented sector. As we discussed under the rogue landlords clauses, the vast majority of landlords in the private rented sector are decent, law-abiding people who want to provide decent-quality accommodation for their tenants. I have a statistic here: 84% of private renters are satisfied with their accommodation. I appreciate that that means that 16% may not be but, generally, the private rented sector provides good-quality accommodation.

Baroness Hollis of Heigham: I do not know how the Minister can say that when more than 30% of private rented sector accommodation is below the decency standard.

Baroness Williams of Trafford: I just made the point that 84% of tenants are satisfied with their accommodation. I do not know where the noble Baroness gets her figure from.

9.30 pm

Baroness Hollis of Heigham: It is probably 31% rather than 30%. I think it is from the house condition survey.

Baroness Williams of Trafford: I thank the noble Baroness for that statistic. One of the points that we made back in the group of amendments on rogue landlords was that the vast majority of landlords are decent landlords.

Lord Kennedy of Southwark: My Lords, I thank all noble Lords who have contributed to this short debate. It highlighted the problems we have with this part of the Bill. The noble Lord, Lord Horam, said that we are not like Paris or New York where people have been priced out of parts of those cities. They are unable to live there because they cannot afford to be there. I agree that we are not there, and I would never want us to get to that situation. London is one of the greatest cities in the world, and it works because you have rich and poor people living on the same street, living side by side and getting on very well together. That is how London works. It may not be the Government's intention, but the Bill could create a situation where people are driven out of whole parts of London, which would be bad. We cannot have everybody doing key-worker jobs or in modest or lower-paid jobs all living in outer London boroughs. That would not be right. It worries me that we will get to that situation with the policy we are pursuing today.

We will come back to this on Report. I look forward to the information on housing starts that the Minister said she will send us. It will be very interesting to know where those starts are.

Lord Campbell-Savours: Talking about looking forward to information, last week we were promised some statistical information on starter homes, but we have not received it. I wonder what is happening.

Baroness Williams of Trafford: My Lords, I did promise the noble Lord information on starter homes. I will be bringing it forward in due course, but I have not got it ready for today. I have not forgotten my commitment to him.

Lord Kennedy of Southwark: With that, I beg leave to withdraw the amendment.

Amendment 57 withdrawn.

Amendments 57A to 57D not moved.

Amendment 58

Moved by ***Lord Beecham***

58: Clause 62, page 28, line 13, at end insert—

"(4) Grants must not be payable on properties bought and turned into buy to let dwellings within ten years."

Lord Beecham: My Lords, I should confess that this amendment is not well drafted—I blame my noble friend for that—because the intention is not clear from the terms of the amendment. It would add a fourth provision to Clause 62 in relation to grants by the Secretary of State, the effect of which would be, allegedly, to prevent property sold under right to buy being converted into buy-to-let dwellings for a period of 10 years. I do not think that the way it is worded achieves that objective. The objective is clearly to avoid a situation in which properties bought under right to buy are sold within 10 years for buy-to-let purposes. The wording does not achieve that. If we revert to this on Report, it will have to be revised.

I suppose a better way of putting it would be that if such a house were sold the grant made in respect of the original purchase should then be repaid—in other words, putting it the other way round. The noble Lord, Lord Young, is nodding, so that must be right. The reality is that we are talking about potentially very large rents being charged for properties of this kind. I can illustrate the situation. I have referred to Islington before. My daughter now lives there and my son used to live there. The flat that he occupied was all of 286 square feet and is now on the market at a rent of £1,500 a month. It is quite extraordinary. So unless there is some sort of provision for preventing the maximisation of rents by private landlords ultimately moving in on properties acquired from housing associations under rights to buy, this economic cleansing, as I think we might reasonably describe it, will continue and we will have precisely the hollowing out of parts of the city to which others have referred, both here and abroad. I hope that some consideration will be given to preventing the situation advancing by this recoupment suggestion, even if it has not been properly expressed in the terms of the amendment as tabled. I beg to move.

Lord Shipley (LD): My Lords, I am grateful to the noble Lord, Lord Beecham, for clarifying the position that explains the difficulty that we might have had with the amendment. In summing up, though, could he explain the period of 10 years? There is a view that it could be a longer period. It would be helpful to know how that figure was decided upon when it could be on some other timescale.

Baroness Hollis of Heigham: My Lords, I am sympathetic to the intent of my noble friend's amendment although, like him, I have reservations about the way it is drafted. I want to put the question back to the Minister. I do not think that anyone would wish to undermine the capacity of people, particularly young people, to become homeowners, and that is not what we are debating today. The problem is that, given that the scheme is being baited—I use that word deliberately—with huge discounts in some cases, with some people who have spent five or 10 years in housing association property getting a return of 300% or 400% on the rent that they have already paid coming back to them in the form of a discount, how is the Minister, who must share our concerns about this, going to inhibit the rapid recycling of that property into the private rented sector?

The Chancellor has accepted that this has been abused in various forms and has sought to put some financial controls over the tax reliefs and so on that private landlords may receive. No one doubts that there are many good landlords trying to do a decent job by their tenants and charging them a reasonable rent, but this is such high-profit territory that I know that there are scores of wide boys out there just waiting to take advantage of housing association tenants in order to produce sales back into the private rented sector at inflated prices—and then who pays the bill?

Those people may or may not have gone on to buy another home, but the process turns the house into a private rented house. We have seen what has happened with our own eyes when that has happened on council estates: it has sent some streets skidding downwards, to the resentment not only of council tenants who did not buy but of council tenants who did. They see their estates contaminated by the spread of precarious, insecure and low-paid but high-rent-paying tenants on the one hand and students on the other, with no leverage over their landlords to get them to maintain the property or keep it up to a decent standard, for fear of eviction.

How is the Minister going to ensure that the purpose of all of this, which is, after all, to give housing association tenants the same rights as local authority tenants to buy their own homes in which they have lived, is not exploited and abused for a quick buck to increase numbers in a tenancy that will, ultimately, be of poorer quality and infinitely more expensive for the rest of us? On the first round, the local authorities will be financing the discounts; on the second round, the taxpayers will be funding the increased housing benefit bill as those properties get cycled into the private rented sector. How does the Minister expect to control that abuse—and it is an abuse, because that is not what this is all about—if she cannot come forward with some scheme, not necessarily the same as what my noble friend has identified, but some form of control?

Lord Campbell-Savours: My Lords, there will be abuse, and the incentives are very substantial. I have some figures on what is happening in Westminster which might be of interest to Members of the House. The average cost of a one-bedroom council flat in Westminster is £113.78 a week. When it is sold off and in the private sector, that same flat now fetches £480 a week. That is nearly four times as much. A two-bed flat is £128 a week in the social sector and £450 a week when it is sold off. A four-bed flat is £157 a week in Westminster and £738 a week when it is in the private sector. We are talking about former council flats here. That is £38,500 a year after tax for a former council flat that would be rented out today at £157 a week if it was still in the public sector. These figures are an absolute scandal. The Government are promoting all this in the Bill, and we cannot see why they insist on doing it.

Westminster City Council has its own residential department, CityWest Homes, which at least tries to bring some sanity to this market, but its rents are very high as well. The problem is essentially that private landlords and estate agents in London market these properties at silly prices, and they have a market. Who is the market? People I have discussed this with now tell me that these flats are not being taken by former council tenants in receipt of housing benefit because of the cap. I am told that 70% of all Westminster council flats that have been sold off now go to overseas tenants, because, obviously, they have the money. In other words, we are shifting people out of London into the suburbs and using the properties in which they formerly lived as private accommodation, which is being let to people from overseas who come to London. This is an absolute scandal, and I cannot see the sanity in what the Government are doing. That is all I need to say at this stage of the debate.

Lord Porter of Spalding: I will ask two questions. To go back to the same principle, what difference does it make whether somebody exercises the right to buy and then occupies a property or whether they free up the equity they have in it, buy something else, and then put that property back into the private rented sector? If somebody is living in it, they are living in it, so I am not sure that the noble Lord has the right end of the stick as regards the properties.

Can the noble Lord, Lord Beecham, say whether anybody has asked the mortgage providers whether they would still be happy to provide a mortgage if the use of that property was restricted in the way that is being proposed?

Baroness Bakewell of Hardington Mandeville: The issue is that the taxpayer has paid a 20% discount for that to happen.

Baroness Hollis of Heigham: On top of that, the taxpayer will then go on, in appropriate circumstances, to pay the housing benefit on rents that have doubled or tripled.

Lord Campbell-Savours: And on top of that, some people object to the fact that people can sell in London a council flat—for which they have perhaps paid a low rent for a number of years—leave London, retire to the countryside and live off the income that was gained simply by selling what was essentially public property. Sometimes—it gets worse—they move abroad. People from abroad, who are not even British citizens, buy this property and then live abroad on the rental income gained from tenants who are overpaying within the United Kingdom. The whole thing is ludicrous.

Lord Beecham: If people are moving in, paying the private rent and relying on housing benefit, that is a cost to the Exchequer, and if they pay the sort of rents that my noble friend referred to, they are likely to be in a much better position than other people in greater housing needs who cannot afford it.

Baroness Bakewell of Hardington Mandeville: My Lords, I shall be brief because the hour is late. I do not want to be here at midnight because there is a problem on the Tube line that I travel home on.

I wish to speak to Clauses 65 and 66, which I oppose. As far as we are concerned, the part of the Bill on right to buy is not acceptable as it stands, and that is why we have given notice of our intention to oppose the clauses. It is quite clear to us that if the Government's ability to make grants were removed, the right-to-buy voluntary deal would collapse and be off the table. If housing associations are not fully compensated, they will not carry out right to buy. Therefore, the removal of these clauses would stop the right-to-buy extension from going ahead, and I shall say why we think that that is really important.

For us, it is absolutely not acceptable for the extension to be funded by the sale of high-value council housing. This will be detrimental to local councils and will mean that there will not be enough houses for the 1.6 million households—especially those with large families—on social housing waiting lists. For us, it is also vital that one-for-one and like-for-like replacements are written into the Bill. For that reason, we oppose the clauses.

9.45 pm

Baroness Williams of Trafford: My Lords, I shall speak to what I think is the amendment of the noble Lords, Lord Beecham and Lord Kennedy, and I am sure that we will come back to it if I have not quite got that right.

We have already discussed today the grant-making powers. Clause 65 will prevent an overlap of provisions in respect of the payment of grant by the HCA to housing associations and it will prevent grants being required to be paid twice under separate provisions. The clause does not place any additional duties on the HCA and will help streamline existing legislation. Clause 66 will ensure that everyone is clear about to whom and to what the clauses in this chapter apply.

I thank the noble Lords, Lord Kennedy of Southwark and Lord Beecham, for their amendment. We understand the wider concerns about more homes being bought as buy to lets, made clear in Amendment 58. As noble Lords will know, we are addressing those concerns through the new rates of stamp duty, which will be 3% higher on the purchase of buy to lets.

For the reasons that I set out earlier, we do not think there is a case for specific restrictions to be put in place for properties sold under the voluntary right to buy. The right to buy is about giving individuals the opportunity to buy a home of their own, and tenants who do so should have the same freedoms as any other homeowner. They are not vultures or wide boys; they are decent people who have worked very hard and who aspire to own their own home, and it would be wholly unfair to housing association tenants who buy their home to be prevented from letting it out if they want to or need to for family, work or any other reason. It could restrict their mobility and we do not think that that would be reasonable.

Furthermore, with a commitment in the voluntary agreement to deliver additional homes through new supply, it is not necessary to impose controls of this sort or to restrict the use of the properties being sold. I therefore hope that the noble Lord will agree to withdraw the amendment.

Lord McKenzie of Luton: Can the Minister help me out? She said that the solution to stopping properties being turned into buy to let was the new stamp duty provisions. However, if somebody acquires a property under the right to buy and then in due course vacates it and enters into a letting agreement, where does the stamp duty bite on that?

Baroness Williams of Trafford: My Lords, I was referring to people who bought homes as second properties. In other words, I think the general market in second properties as buy to lets will be dampened somewhat by the new stamp duty rules.

Lord McKenzie of Luton: I accept that, but I thought the Minister was offering that as a solution to the problem that Amendment 58 outlines.

Baroness Williams of Trafford: I was in a round about way, but I do not think that the noble Lord accepts that. In a round about way I was talking about the whole dampening of the market.

Baroness Hollis of Heigham: My Lords, when the Minister has a chance—perhaps over the weekend—to look at the "Dispatches" programme, would she like to reflect on the information given to that programme by experienced housing professionals? It concerns the implications of illegal deferred sales, in which the money does indeed come from the wide boys and is given to an older person to buy, and many of these people will be pensioners. The arrangement then allows the house to be reclaimed five or eight years on when the pensioner dies. It is a malign form of equity release—if you like, a rolled-up mortgage payment. I hope that she will look at that. Socially, the housing professionals—obviously, it was a television programme and I do not know what the other side of the argument might have been—scandalise me, and I think the Minister, as a local authority person, will also be scandalised at what is being reported there.

Baroness Williams of Trafford: I certainly look forward to watching that programme, as the noble Baroness suggests.

Lord Beecham: My Lords, I think that the Minister overlooks the impact of allowing these properties to be re-let, particularly in London but also in other places of high demand where what had been, effectively, social housing will become housing on the market for the maximum rent that can be extracted from it. That is effectively at the cost of those who cannot afford that kind of rent or that kind of property, and who will remain stuck. They are the people who suffer from that regime. I do not think it a great hardship to require of people who are getting a substantial benefit not to then turn themselves into landlords making the maximum profit on a building they have never paid the market rent for. I find that, frankly, rather distasteful. However, clearly, the amendment that I moved is not quite up to the mark, so I beg leave to withdraw it.

Amendment 58 withdrawn.

Amendment 59 had been withdrawn from the Marshalled List.

Clause 62 agreed.

Clause 63: Grants by Greater London Authority

Debate on whether Clause 63 should stand part of the Bill.

Lord Kerslake (CB): My Lords, I rise to speak to my Amendment 59ZA, which proposes a new clause after Clause 63. We now move in earnest to the issue of financing the extension of right to buy. We have had a long debate about the extension of right to buy under the voluntary scheme for housing associations and we now consider how this will be financed. In moving this amendment, I should declare again my interest as president of the Local Government Association and chair of Peabody.

The issue we have been grappling with is that, whatever people may feel about the extension of the right to buy, there is deep disquiet, as we have heard from all parts of the House, about the mechanism for financing that extension. This is a crucial issue because it concerns a lot of people. Given a choice, everybody, including perhaps the Minister, would want to decouple these two policies that have been put together: the extension and the high-value sales. My amendment would enable that to happen without a huge additional burden on the government deficit.

My amendment would replace grant funding of the discount in voluntary right to buy with an equity loan. That equity loan would sit alongside the current right-to-acquire discount that is available for housing association purchases. The loan would be similar in kind to that of Help to Buy for private, newbuild sales: it would be a loan that stands behind the mortgage as security and is interest-free for five years, after which a lower rate of interest is paid. The right-to-buy loan would be funded by the Government. As we discussed in the last Committee day on this Bill, equity loans are regarded as financial instruments and therefore score as debt in the Government's accounts but do not count towards the annual deficit, in contrast to direct funding from government. The coalition Government approved a budget of just under £10 billion to support Help to Buy up to the year 2020, so already a significant amount of money has been set aside to cover equity

[LORD KERSLAKE]
loans. In this instance, the equity loan would be up to the discount that is available under the current right-to-buy policy for local authority stock. Therefore, it would replace the grant funding that is currently proposed.

I put forward this amendment for the following reasons. First, under the current proposals, as a number of noble Lords have already said, a central government policy is being funded by a levy on local government. The recent report of the House of Commons DCLG Select Committee, an all-party committee, rightly took exception to this, arguing that if the Government want to do something, they should pay for it. Funding the discount in the way proposed in my amendment would address this issue: local government would no longer be required to fund a central government policy.

Secondly, the amendment would address the fact that, incredibly, even at this late stage, we do not have a set of numbers that add up in terms of the receipts that would be achieved, the replacement of local authority sales, the two-for-one policy in London, the funding of the discount as well as a contribution to the £1 billion brownfield regeneration fund. Indeed, an independent report from the Chartered Institute of Housing suggests that this is not possible. Shelter has calculated that there would be a shortfall of £2.45 billion in the financing. If it is correct that the numbers do not add up—as I have said, this late in the process, we still do not have a set of figures that demonstrate that they do—a number of things are likely to happen. First, demand may be managed through restricting eligibility. In the current pilot, a person has to have been a resident for 10 years. So the first potential option is to restrict demand by eligibility. The promise that people could have a "right" to buy will no longer be a right; it will be a right if they have lived in their property for 10 years. The second option for managing this imbalance in funding is essentially to have a policy of saying, "If we've run out of money for a given year, you can't buy in that year, or even the year after", so there will be a waiting-list policy to make the sums balance. That is equally problematic as far as potential purchasers are concerned. A third option is for the levy on local authorities to be set high—higher than would truly be acceptable and eating not just into absolutely higher-value properties, as a number of noble Lords have said, but into relatively higher-value properties; in other words, into the very core of stock that becomes vacant for local authorities. So a third way in which demand might be managed is essentially by levying a very high sum that goes beyond what any of us would reasonably call high-value properties. The last option, which I suspect will form part of the policy, is that instead of local authorities being truly funded on a like-for-like basis, they will get a proportion of the value of the new property and will have to borrow the rest. In the current right-to-buy policy, that is a third—the proportion may or may not be the same. Local authorities will then need to borrow. One reason why a number of local authorities struggle with the replacement policy is that they do not have the borrowing capability within their caps.

I suggest to noble Lords that any one of these options will be problematic. If we restrain demand, we will cause very unhappy housing association tenants. If we put a huge charge on local authorities, we will denude them of even the very limited remaining capacity for re-lets they have on vacant properties. So we start with a policy where, at the moment, any analysis in the public domain that I have seen suggests that the numbers do not add up. The alternative of the equity loan would avoid this difficulty.

10 pm

The third reason why the amendment is worth considering is that under the current proposals higher-value areas—I emphasise "higher", because this is relative and not absolute—will suffer a double whammy. First, these are areas where housing association sales are more likely to happen. They are the more desirable areas in which it is more likely that there will be voluntary sales. Secondly, they are the areas where the higher value, local authority properties are likely to be located, so over time these higher value areas will be denuded of social rented properties. That is an inevitable consequence of the funding mechanism that we are using alongside the extension of voluntary right to buy. This will move completely in the opposite direction to that of the mixed-income, mixed-tenure areas that we have aspired to for the past 50 years. The real consequence of this policy would be an acceleration of the move towards areas that are denuded of social rented properties. That will be particularly acute in London.

The amendment would avoid that and avoid the rather contorted policy of one-for-one replacement. We have had a lot of numbers bandied about this evening on this issue of one-for-one replacement, but the document that sets it out most clearly was published by the National Audit Office, which I commend to all noble Lords, called *Extending the Right to Buy*. Unusually, the NAO has assessed a policy before it is implemented. The critical passage in the report is as follows:

> "One-for-one replacement does not necessarily mean like-for-like: replacement properties can be a different size, and built in a different area, compared to those that have been sold. The pace of replacements will also need to accelerate to keep pace with the target in subsequent years".

This is talking about the reinvigorated right to buy. The report continues:

> "Under the Department's objective, housing providers have up to three years from sale of a council property to make a start on using the receipts to provide replacement homes. The Department has taken the housing starts and acquisitions funded by this policy for the three years 2012-13 to 2014-15 together".

In other words, we are comparing three years of build against one year of sale. The report continues:

> "This yields a total of 3,387, which roughly equates to the approximately 3,054 additional sales attributable to the reinvigorated Right to Buy in 2012-13. To meet the target of replacing the roughly 8,512 homes sold in 2014-15 by the end of 2017-18, however, would require quarterly housing starts to reach around 2,130".

This is the key point. That is,

> "a five-fold increase on recent figures of approximately 420 per quarter".

In other words, this is an accelerating challenge. If you take the first three years of your build against the one year of sales and say that that is the comparison, you miss the point that as the sales accelerate the build rate has to accelerate as well. The calculation by the NAO is that it has to be five times faster than at present. That is pretty definitive evidence that one-for-one is already proving on the current right-to-buy policy very difficult to achieve.

If we went down the alternative route of an equity loan, local authorities would be free to manage their assets according to their own needs and reinvest the high-value sales where sale is appropriate—and they would make the choice—back into their own stock and new supply. That is exactly what the noble Lord, Lord Porter, was talking about. We would let local authorities make the right decisions on their assets.

There is one final reason that is crucial. Local tenants would still, just as they are through the right-to-buy policy, be able to acquire their properties. Their access to a mortgage would be equal through the loan model because it stands behind the mortgage as through a grant. But of course it will be a loan rather than a cash gift. This is a key point. The value of the cash discount now is much higher than in real terms than when right to buy was introduced in 1980. Then, the discount for a home was £7,787 while the discount for a flat was £10,382. If you uprate that for inflation, you reach a figure of £30,120 for a home and £49,000 for a flat. Compare those figures with the scale of the discount that we are now offering in the right-to-buy scheme, and it is clear why the issue of fraud and risk has come to the fore, as mentioned by other noble Lords. Moving to an equity loan would reduce the temptation as regards fraud and in my view would make it much more likely that people will stay in the property in which they have invested a mortgage and a loan on than they will if they are given a cash gift. This represents a fairer balance and is much more likely to lead to stable communities in the areas where properties are bought.

The Minister will no doubt argue that this policy represents too great a departure from the Conservative manifesto commitment. But I would say that we have already departed from it. We have not agreed to a right-to-buy policy: it is a voluntary policy for housing associations to sell their properties if they choose to do so. Indeed, as I said earlier, because the finances are unlikely to add up, it is not going to be a level playing field with local authority tenants because there will have to be some way in the process of restricting demand. So we have already moved away from that bold manifesto commitment. An equity loan instead of a grant will deliver equivalent opportunity for tenants who wish to buy, put the cost where it should properly lie, which is with Government, and will avoid a damaging sell-off of higher value council stock.

Let me quote again from the NAO report because it is crucial to this. The report looked at the impact assessment and formed a view about it:

"The department has carried out internal analysis to establish the value for money of extending the Right to Buy, including an economic and business case assessment, and this work is ongoing. When reviewed against good practice, however, the published Impact Assessment to the Bill has weaknesses. For example, it does not present alternative options for delivering the policy objectives or a summary of other options that were considered at an earlier stage".

If this job is going to be done properly, we should give serious consideration to alternative options that deliver the opportunity for right to buy for housing association tenants.

Lord Young of Cookham (Con): Could the noble Lord explain the theology of the public financing of his proposal? I think he said at the start that this would not add to the deficit, but it would add to the PSBR. If that is right, is it the case that if the Government wanted to stay at the current level of PSBR in order to fund his ingenious proposal, something else would have to give?

Lord Kerslake: The noble Lord's interpretation is correct. Because there is a third-party asset against the expenditure, it shows as debt on the Government's balance sheet, but it does not show as deficit spending. That was the means by which the Government were able to rapidly expand the Help to Buy initiative; it does not score as expenditure in the traditional way. If the Government were to fund this initiative, they could either take a view about how much they are likely to spend on Help to Buy—and as I said last time, something like £3.8 billion of the £10 billion has already been committed in terms of Help to Buy, so there is still some headroom there—or, alternatively, they could look at whether they would take additional debt on to the balance sheet. Those are the two choices. We are between a rock and a hard place here. We are tying together two policies which, on the face of it, at best, it is a struggle to add up. The alternative is to go straight on to deficit. That is a third option which allows the Government to deliver the opportunity in a way that does not destroy the Chancellor's intentions in relation to the deficit.

Lord Stunell (LD): My Lords, I support the amendment that the noble Lord, Lord Kerslake, put to us and commend to the Minister the devastating critique he made of the Government's financial options. I invite her to have a good night's sleep and come back and tell us how she thinks the Government could best respond to it.

I will pick out one particular element of what the noble Lord put to the House: the impact on what he described as richer areas, the probability that high-value homes in the local authority and housing association sectors would be most prevalent in the same place, and that those places would have higher property values in general. As he mentioned, London is the outstanding example, but we need to remember that "high-value areas" is always a relative concept. I come to this House from Stockport, which is one of 10 boroughs in Greater Manchester. As the Minister will be very well aware, it is one which might be described as "well off" among those 10, as would the borough of Trafford.

As a borough, we have a higher proportion of right-to-buy sales because we have more attractive property to sell. We have a waiting list that means that for every remaining council house there is another family waiting to go into it. Anything that reduces that stock and makes a replacement policy more difficult is to be very much regretted and will certainly lead to increasing pressure. If we add on top of that, as the noble Lord outlined, that there is likely to be something not far off forced confiscation of void properties—exceptionally so in Stockport compared with other Greater Manchester boroughs—the impact is increased and multiplied.

As well as the very thorough and detailed rebuttal that the noble Lord, Lord Kerslake, gave of the scheme and the various cul-de-sacs into which the financial

[LORD STUNELL]
planning might take it, there are some real additional problems, in particular for what we might describe as the richer areas, or the areas that have higher housing markets relative to those nearby. If one looks at one other aspect of the Government's plan that is not yet revealed to us—what they mean by "high value", whether that is within an authority, across Greater Manchester, across the whole of the north-west or across the whole country, and whether it is an absolute or some kind of relative figure—all these things can compound the problems highlighted in this aspect of the plan.

I hope very much that the Minister can respond in a helpful way to the amendment. If she takes some time to do so, fair enough, but a helpful response is essential.

Baroness Hollis of Heigham: My Lords, I also congratulate the noble Lord, Lord Kerslake, because it is possible that he has found a way to square a circle. Whether you support right to buy or have reservations about it in terms of the implications for waiting lists and so on, nobody today has defended the argument that local authorities should not find their stock sold to fund the tenants in another tenure. As the Camden Association of Street Properties said, why should they? They are not their tenants and it is not their property.

The noble Lord, Lord Kerslake, suggested—I understand that this is supported by Boris Johnson, the mayoral candidates and the like—a way to make it attractive, feasible and possible for people in housing association properties to buy and to take advantage of the opportunity to acquire that home, but to do so in a way that is not to the detriment of local authorities, which are expected to sell their stock, first, to fund the discounts, secondly to sort out brownfield sites, and thirdly to replace their own loss of property that has gone in sales.

The figures do not stack up. We know that it will take three years or more for receipts to flow from selling high-value property in authorities such as Cambridge and there will be a queue of would-be buyers knocking at the door to take advantage of the right to buy in housing associations. That means that the levy is going to have to be imposed, not just on local authorities with retained stock, but on local authorities which do not have a single council house left to sell, because they have gone over in stock transfers, so they will have to be levied appropriately.

10.15 pm

Either way, local authority tenants, local authority council tax payers and local authority councillors will be outraged at being asked to fund very large Christmas presents which are so high that they will induce a lot of abuse and some fraud, when alternatively, as the noble Lord, Lord Kerslake, has suggested, we already have the very good example, which this Government have modelled, of Help to Buy. We can extend Help to Buy to housing association tenants and, as a result, the Government will achieve their objective of extending home ownership, and housing association tenants will achieve their objective of being able to acquire their own home, but local authorities will not be clobbered and penalised unfairly to pay for other people's Christmas presents which invite abuse.

I very much hope that the Minister will hear the concerns around this Committee, not about right to buy so much as about the funding of the discounts, which have been expressed by almost everyone who has spoken tonight. Nobody has defended the method of funding these discounts tonight. In three hours before supper and now, nobody has defended it. All those who have spoken think it is wrong, in one way or another, but the noble Lord, Lord Kerslake, has found a way to do it, modelled on the Government's own schemes, which would seem to most of us to be fair, equitable and reasonable. It helps people into home ownership, but not at the expense of clobbering poorer council tenants who will never be able to afford to buy. I very much hope that the Minister will take this away. If so, she may, working with the noble Lord, Lord Kerslake, be able to come forward with proposals for funding this which achieve consensus in your Lordships' House.

Lord Beecham: My Lords, I join other noble Lords in congratulating the noble Lord, Lord Kerslake, on his ingenious approach. I am, however, slightly disconcerted by the fact that the Mayor of London is, apparently, very much in support of this. No doubt, by tomorrow he will be claiming that it was his idea in the first place.

Baroness Hollis of Heigham: Only if the Government adopt it.

Lord Beecham: Well, yes—it might bring it to a rapid end. It does appear to be a very useful way forward. I also endorse my noble friend Lady Hollis's reference to Help to Buy as another avenue through which it should be possible to assist people into home ownership without making difficulties either for local authorities, or, more importantly, for other people who are in need of rehousing. I hope that the Minister will be sympathetic to the amendment.

However, I am slightly puzzled by the description by the noble Lord, Lord Kerslake, of the difficulties of replacing homes on the basis of the numbers being very hard to achieve. I think he said that something like 5,000 a year would be needed to replace and it was difficult to see how that number could be built. That 5,000 houses would be something like 2.5% of the Government's annual target of 200,000.

Lord Kerslake: My Lords, if I can just explain, this is from the National Audit Office report. Part of what the NAO has looked at is the impact of the reinvigorated right to buy. Has one for one actually happened? What the NAO report essentially says is that the equivalent number that the Minister has referred to comes from comparing three years of build, effectively, against one year of sale, because local authorities have had three years in which to build. However, if one looks at the rate at which sales are accelerating, the rate at which build numbers have to accelerate is very rapid indeed. The analysis concludes that essentially, in order to make the one-for-one policy a reality over time, you effectively have to achieve a fivefold increase in the rate of build. I commend the report to the noble Lord for him to read because it sets out this issue in very clear terms.

Lord Beecham: Am I wrong about the numbers? I thought the noble Lord referred to a figure of 5,000 cited by the NAO. I am not saying that it is his figure.

Lord Kerslake: The key point I am making is contained in the following sentence, which I will read out again:

"To meet the target of replacing the roughly 8,512 homes sold in 2014-15 by the end of 2017-18, however, would require quarterly housing starts",

to go from their current rate of 420 a quarter to 2,130 a quarter. In other words, we would have to speed up by five times to achieve a true one-for-one policy.

Lord Beecham: That sounds like a lot, given the record of the last few years. However, when I was first elected to the council in Newcastle in 1967, the city council built 3,000 council houses in a year. That was one authority. It cannot be beyond the capacity of the construction industry to achieve this, given the resources to invest. I obviously concede that it cannot be achieved overnight because we are starting from next to nothing, but over a three-year period I would have thought we could build—literally—up to that sort of figure, given the investment.

Lord Kerslake: I am conscious of the late hour but I will make one last point. I think the NAO report is on to something and I commend it to colleagues to read. It is saying essentially that it is a question of the ability to find both the land and the finance. Under the current right-to-buy policy, local authorities get to keep only a third of the receipts for any of the additional sales made. They have to borrow the balance to make the numbers add up. That in turn creates difficulties because it bumps up against their cap on HRA. So there are three reasons why the policy is challenging in terms of delivering one for one. The first is to find the land in higher-value areas to achieve true like for like, as I said earlier; the second is to get the momentum of construction under way; the third—this is crucial—is to make the finances work, given that you have to borrow and you have a cap on your borrowing.

Lord Beecham: The cap is imposed. It is not a cap that the authorities choose. That is in the Government's hands. If they altered that, local authorities—and, indeed, housing associations for that matter—could gear up to provide the relatively modest number that we are talking about against a government target of 200,000, which is any case inadequate, over the next few years. So I think that the noble Lord is being a little conservative in his approach—heaven forfend—and I would have thought it would be more ambitious to look to the Government to facilitate that greater rate of replacement. However, that does not in any way invalidate the amendment to which he is speaking, which is in a rather different context. I certainly support that, but I hope the noble Lord will not let the Government get away with using his other comments to get off the hook in facilitating the number of houses we need.

Lord Kerslake: I will have one last go at this. The point I was making is that it is often said that we are now achieving the delivery of the one-for-one policy. We are not. That is the definitive point I am making. Indeed, that is what the NAO says. The delivery of the one-for-one policy is very difficult to achieve in its current form. You would have to change fundamentally the way you think about the financing, and you would go back to the question of whether the numbers add up.

Baroness Williams of Trafford: My Lords, I thank the noble Lord, Lord Kerslake, for both his endeavours and his amendment, which proposes an equity loan scheme for housing association tenants in place of the voluntary right-to-buy discount. I understand that part of the reason for introducing this amendment was to reopen the debate about the funding of the right-to-buy discount.

An equity loan, by its nature, is not a discount and has to be repaid by the tenant. This is a very different offer—more akin to the Help to Buy scheme than to an extension of the right-to-buy scheme. This will inevitably make home ownership less attractive to the very tenants we are trying to reach: those on lower wages who are being priced out of home ownership because of high house prices.

We had a clear manifesto commitment to extend the right to buy to housing association tenants, and the voluntary agreement with the sector will give 1.3 million families the chance to purchase a home at right-to-buy level discounts. Our extension of the right to buy is about offering housing association tenants the same opportunity as council tenants. Providing equity loans to tenants, as proposed under this amendment, would not provide the same offer to them. We have been clear that housing associations will be fully compensated for the right-to-buy discounts offered to tenants and that this would be funded through the sale of vacant local authority high-value assets. They will be fully compensated. There are billions of pounds locked up in local authority housing assets. It is only right that when they become vacant they are sold, enabling the receipts to be reinvested in building new homes and supporting home ownership through the right to buy.

Lord Kennedy of Southwark: Why is it only right that they are sold? They should be used for other families who need social housing.

Baroness Williams of Trafford: Can the noble Lord—

Lord Kennedy of Southwark: In your remarks, you said that it is only right that these houses are sold to provide receipts. Why are they not just used for other families who need a large council house?

Baroness Williams of Trafford: My Lords, part of the receipt is reinvested.

Baroness Hollis of Heigham: The money is not going to stretch that far. We have already established that it is supposed to pay for expensive discounts, brownfield sites, and a replacement for local authority stock. The Minister says that local authority tenants have the right to buy: we did not expect housing associations to pay for their discounts, but we now expect local authorities to pay for the discounts on not only their own property being sold but housing association property being sold as well. I can see no fairness in that at all.

[Baroness Hollis of Heigham]

The noble Lord, Lord Kerslake, has produced a pathway forward. Indeed, if the Minister wished, one could add to it to make it more attractive. A right-to-acquire discount, which runs from about £6,000 to £9,000, could be an incentive before adding in equity loans. This can be modelled in different ways to make it attractive and reasonable, but not to clobber poorer local authority tenants to fund the giveaway discounts for people who are better off.

Baroness Williams of Trafford: My Lords, as I said earlier, this amendment is about replacing the discount with an equity loan. The mechanism for using high-value assets to fund both the discounts and investment in new properties will be considered in another grouping. Given how late in the evening it is, I hope noble Lords will indulge me and stick very purely to this amendment.

The Government are selling off assets they do not need and we expect councils to do the same—

Lord Stunell: My Lords, I hope that the Minister did not get the impression that, if a high-value house becomes free in Stockport, it is then not ready to be let to another tenant on the waiting list. It is not surplus property, it is empty property in the course of transition from one tenant to another. If the incoming tenant is to be told that the property is not available because it is being sold to participate in some government confiscation scheme, that does not provide the social welfare outcome which this House wants.

Lord Kennedy of Southwark: I grew up in a large council house in Southwark and my family benefited very much from that. Denying other, larger families that is just wrong.

Baroness Williams of Trafford: My Lords, as I said, we are coming to the detailed mechanism of high-value assets soon and that is certainly one thing we will be discussing. It is very important that noble Lords make these points at this stage in the Bill, because they will form part of the Government's consideration. I am not, in any way, dismissing the points made. We will need houses and dwellings of different sizes, but the mechanism of how that will work will be set out in due course.

This is probably not the best hour or the best group of amendments in which to start discussing this, but I should like to address the points of the noble Lord, Lord Kerslake, about the value for money assessment. We are clear that we have done the right level of analysis to support the decision-making at each stage and to ensure that proposals would offer good value for money. We have done an economic analysis for the right-to-buy extension, taking into account the fact that that would be funded from the receipt of vacant high-value asset council sales, which shows that there would be a clear economic benefit. We have also undertaken an analysis for the voluntary right-to-buy pilot.

10.30 pm

Lord Foster of Bath: I apologise as I recognise the lateness of the hour. Will the Minister acknowledge that many Members of your Lordships' House and many members of the public have already had a pretty good sight of the proposal of the noble Lord, Lord Kerslake? What we have heard from the Minister so far is that the Government are rejecting it merely on the grounds that they want the scheme for housing association tenants to be identical to the scheme for council housing tenants. Will the Minister tell us—perhaps she could write to us between now and Thursday—what assessment the Government have made of the noble Lord's scheme and what assessment they have made of the likely drop in take-up were the noble Lord's proposed funding scheme introduced rather than the one proposed by the Government, so hated by Members of your Lordships' House?

Baroness Williams of Trafford: I understand that point. As far as I am aware, the Government have not made an assessment of the proposal of the noble Lord, Lord Kerslake, simply because they made a manifesto commitment on the mechanism that I have just outlined.

Lord Beecham: The amendment of the noble Lord, Lord Kerslake, seems to represent a way forward. The noble Baroness indicates that it might not work or may not be necessary. I do not understand why she should reject it out of hand on the basis of her hypothesis rather than facilitate its introduction and test it. What is wrong with that? It would not necessarily replace the proposition that is contained in the Bill but it would allow a proper test of a proposition that she is sceptical about. The noble Lord is confident about it, and with all due respect to the Minister, some of us might be a bit more inclined to put our money on him than on the Minister's advisers and those who have prepared her for this debate. I do not know what the noble Lord thinks, but I do not find the Minister's response particularly encouraging.

Moreover, Clause 63 relates specifically to London and the Greater London Authority. That illustrates one of the difficulties of this debate, because London is a special case. It is arguable that some of the proposals in the Bill fit better in other parts of the country, as the housing pressures in London are very distinct. Can the Minister explain why Greater London should be singled out for special provision in Clause 63, whereas other local authority areas are not treated discretely, as it were? By the Greater London Authority I suppose we mean the mayor. Is London getting particular consideration? Why should that be the case when in the country as a whole there are the same demands and pressures to a greater or lesser extent? Why should London be treated differently for the purposes of this Bill?

Baroness Williams of Trafford: My Lords, the clause is necessary because the Homes and Communities Agency does not have the locus to make payments in relation to housing association properties sold in London. It is not being singled out for special treatment, but that is why the clause is necessary.

The reason I have rejected the amendment in the name of the noble Lord, Lord Kerslake, is, first, because of the very clear manifesto commitment. The amendment departs in nature and in aim from the manifesto commitment. Secondly—

Lord Campbell-Savours: The Minister keeps repeating that, but it is just not true. People will not have the right to buy. Only some people will have the right to buy. That is different.

Baroness Williams of Trafford: My Lords, the equity loan is not a discount. It is an equity loan. It is an entirely different mechanism. The discount gives an upfront reduction, whereas with an equity loan after five years you would have to start to repay it with interest. It is not comparing like with like. They are two different mechanisms.

Lord Kerslake: My Lords, I am very conscious of the hour, so I will keep this very short. I will make three points. First, the amendment was tabled in a genuine effort to deal with what I think is one of the most substantive problems with the Bill in its current form: namely, the decoupling of the right-to-buy opportunity from the means of funding it, which remains a running sore through the Bill which has not been resolved. It is a running sore because it is unfair and because we do not yet know—and, indeed, I think there are big doubts over—whether the numbers work.

Secondly, as the noble Lord, Lord Campbell-Savours, said, we have already departed from an absolutely like-for-like policy for housing associations and local authorities. That bridge has been crossed in what is in front of us now. It seems to me that the critical policy intent here was to give people in housing associations the opportunity to buy. The amendment does that, but it does not do it in a way that causes huge ructions and difficulties in other ways.

My third and final point is that it is clearly possible to deliver one for one in a different world. That was not the point I was making. The point I was making was that according to the numbers that we have, which have been tested by the NAO, we are not delivering one for one in the current arrangements. I have no confidence that we will do better on it given that nothing else changes within the proposals. So I ask the Minister to revisit this. I am confident that it is technically doable. It fits with the intent of the Conservative Party manifesto and it addresses some real difficulties with the Bill in its current form. Having said all that, I will of course not move the amendment.

Clause 63 agreed.

Amendment 59ZA not moved.

Clause 64: Monitoring

Amendment 59A

Moved by ***Lord Kennedy of Southwark***

59A: Clause 64, page 28, line 32, at end insert—

"( ) In carrying out the duty to monitor compliance under subsection (1), the Regulator must make a report where a community-led housing provider, as defined in Schedule (Community-led housing schemes), or a tenant management organisation, as defined in section (tenant management organisations), has used grants made by the Secretary of State to facilitate or meet a right to buy discount."

Lord Kennedy of Southwark: My Lords, looking at the time, I intend to be very brief in moving my amendment, your Lordships will be pleased to know. Amendments 59A and 82B in this group are in my name and that of my noble friend Lord Beecham. Amendment 59A seeks to add a duty on the Regulator of Social Housing so that, when monitoring compliance,

"the Regulator must make a report where a community-led housing provider … has used grants made by the Secretary of State to facilitate or meet a right to buy discount".

Amendment 82B would put in the schedule exactly what is meant by community-led housing scheme, for the avoidance of doubt.

Noble Lords all around the Chamber have expressed support today for co-operative and community-led housing, but without my Amendment 59A we would have very little information about what is happening in this part of the social housing sector as a result of the policies being implemented in this part of the Bill. The group also includes a clause stand part debate. With that, I beg to move.

Baroness Williams of Trafford: My Lords, I will be equally brief. Amendment 59A, in the name of the noble Lords, Lord Kennedy and Lord Beecham, would require the Regulator of Social Housing to monitor and report where a community-led housing provider or TMO had used grants made by the Secretary of State in respect of a right-to-buy discount.

Let me be clear again that TMOs are not part of the right-to-buy arrangements. Under the voluntary right to buy, the landlord/tenant relationship is with the property-owning landlord as a registered provider, and the tenant would exercise their right to buy against that landlord. The amendment does not make sense in that landscape. If the concern is about different tenures—social tenants and owner-occupiers—being part of a TMO, there is no reason to believe that tenants and owners could not come together in this way.

I appreciate that the noble Lords, Lord Beecham and Lord Kennedy, want to protect TMOs and other community-led organisations that are not landlords so that they continue to help tenants to play an active role. The voluntary right-to-buy agreement contains protections that allow housing associations discretion not to sell properties that are important to their communities and clients.

The purpose of Amendment 82B is to create a definition of community-led housing, but there is no need to, as it is a colloquial umbrella term to cover a range of different and distinct structures and organisations, such as fully mutual co-operatives, community land trusts and tenant management organisations. The Government very much support community-led housing, and these bodies have distinct and specific legal definitions. Fully mutual housing associations are defined in Section 5 of the Housing Act 1985. Community land trusts are defined in statute in Section 79 of the Housing and Regeneration Act. TMOs are defined through the Housing (Right to Manage) (England) Regulations 2012, Part 1 Section 3.

Additionally, the organisations are different in nature. Fully mutual housing co-ops will generally own their homes, community land trusts may or may not, and TMOs will generally act as a managing agent for

[Baroness Williams of Trafford]
housing owned by a local authority. Imposing an additional overarching definition would be unnecessary. I ask the noble Lord to withdraw his amendment.

Lord Foster of Bath: I apologise but have an incredibly quick point to make. There is also a clause stand part debate in this group on Clause 64. I have read Clause 64 and the Explanatory Notes on it many times. It seems, basically, that the Secretary of State will draw up a set of criteria and tell the regulator to check what the housing association is doing against those criteria. The criteria will probably be those contained in the deal between the National Housing Federation and the Government, but they may be different and could be changed. Could the Minister provide a more detailed briefing in the fairly near future on what all of this means?

Baroness Williams of Trafford: My Lords, yes.

Lord Kennedy of Southwark: I thank the Minister. That is very helpful. We put the amendments down because there is concern in the housing sector about what is happening in this clause, so her comments are very useful and welcome. I am very happy to withdraw my amendment but again place on record my thanks to the Minister for the way she handled the debates today. I beg leave to withdraw the amendment.

Amendment 59A withdrawn.

Clause 64 agreed.

Amendment 59B not moved.

Clause 65 agreed.

Amendments 60 and 60A not moved.

Clause 66 agreed.

House resumed.

House adjourned at 10.45 pm.

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