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PARLIAMENTARY DEBATES
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HOUSE OF LORDS

OFFICIAL REPORT

ORDER OF BUSINESS

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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

Wednesday 13 April 2016

3 pm

Prayers—read by the Lord Bishop of Coventry.

Safeguarding Children: British Overseas Territories

Question

3.06 pm

Asked by ***Baroness Benjamin***

To ask Her Majesty's Government what progress is being made to safeguard children in the British Overseas Territories.

The Minister of State, Foreign and Commonwealth Office (Baroness Anelay of St Johns) (Con): My Lords, the UK Government work closely with the territories to promote the welfare of children in their jurisdictions, where the protection of children's rights remains primarily the responsibility of territory Governments. There has been steady progress but more work is needed. In December, OT leaders committed to lead national responses and ensure child-centred, co-ordinated approaches to safeguarding. The UK Government continue to work with territory Governments on this important agenda.

Baroness Benjamin (LD): I thank the noble Baroness for that Answer. However, we all know that the British Overseas Territories are not the only places where child sex abuse is happening. When I visited some of those territories recently, I found that they are in denial that this abuse is happening; it is a taboo subject. Children are suffering in silence. How are the Government not only encouraging and supporting all the overseas territories to sign up to the road map but also exchanging information on safeguarding to tackle this major problem, thereby helping, protecting and educating children, so that they grow up free from the fear of sexual abuse?

Baroness Anelay of St Johns: My Lords, the noble Baroness is right that this is not specific to the overseas territories; it is a global problem and requires all of us to take responsibility for looking at how we can resolve it and take practical measures. I pay tribute to her work as a parliamentarian and outside Parliament on these matters.

In practical terms, we have established a dedicated child safeguarding unit to co-ordinate our support to the OT authorities; specifically in relation to her Question, we have decided that in addition to financial support, professional staff and technical support, we will shortly launch a cross-OT child safeguarding network, which will fulfil our commitment made at the Joint Ministerial Council. That is the body through which we can share the latest sector developments in child protection, as the noble Baroness requests.

Baroness Massey of Darwen (Lab): My Lords, in this country we are fortunate in having a strong voluntary sector which operates in the field of safeguarding children. Is there any equivalent voluntary sector in the overseas territories that does the same type of job in safeguarding?

Baroness Anelay of St Johns: My Lords, the noble Baroness raises an important point. The overseas territories are of course very diverse in their population level and engagement in civil society organisations and NGOs. There are international NGOs that can assist in this and, in some areas, there are local ones. For example, there was a notable achievement in Bermuda, where the Government partnered a local NGO, Saving Children and Revealing Secrets. This was done last year to deliver child sexual abuse training across the whole island. We support CSOs and NGOs wherever we can and help them to develop because, in some areas where they feel isolated, it is very difficult.

Baroness Howarth of Breckland (CB): My Lords, I am sure that the Minister will join me in congratulating ChildLine, as it reaches its 30th year, on the work that it has done to ensure that helplines are available not only in this country but by developing the international helpline organisation in many countries across the world. What are the Government doing additionally to help adults to have helplines? The Lucy Faithfull Foundation has its own helpline for adults but unless we can tackle adults and get them to come forward then it is left to the children to do so, and that is not where the issue should be left.

Baroness Anelay of St Johns: In this case, too, the noble Baroness raises an important issue of ensuring that those who are abused—the children—have a voice but that those who are the abusers are also able to seek information and be persuaded that that is not the behaviour which they should perpetrate. I know that a number of overseas territories have expressed a desire to establish a private and confidential counselling service for vulnerable children and young people, along the ChildLine model that the noble Baroness explained. With regard to working with adults, we can do that work through our support to NGOs and CSOs and also through DfID, in the support that we give to promoting education about the way to change adults' attitude towards social norms.

Lord Naseby (Con): My Lords, is my noble friend aware that Her Majesty's Government are to be congratulated on the relationship between the overseas territories and the relevant departments here in the UK? I speak from first-hand experience of the Cayman Islands, where I declare an interest—

Noble Lords: Oh!

Lord Naseby: I declare an interest in having a member of my family working there. In the Cayman Islands, with its population of just over 60,000, is it not correct that the Governor has a relationship with local government? Is it not also correct that the charity work there is really extensive? As far as I can see, there are fewer problems of child exploitation in the Cayman Islands per capita than in the United Kingdom.

Baroness Anelay of St Johns: My Lords, the Cayman Islands has commissioned a UK children's services professional to look at raising standards and safeguarding. I hope that other islands will follow that example.

Lord Collins of Highbury (Lab): My Lords, the Minister referred to the responsibility of the British Government in relation to the 17 overseas territories but of course the principles of the rule of law, openness and transparency are vital. Can she therefore explain why the Foreign and Commonwealth Office is not pressing for a central register of ownership, open to the public, so that all can see how beneficial ownership operates in these territories?

Baroness Anelay of St Johns: My Lords, I know that we have a somewhat generous approach to interpreting the words before us on the Order Paper, but may I urge the noble Lord to direct his question at me again when we reach the point next Wednesday at which the noble Lord, Lord Wallace of Saltaire, has a Question on the Order Paper that will give me the opportunity to answer him?

Lord Wallace of Saltaire (LD): My Lords—

Baroness Butler-Sloss (CB): My Lords—

Noble Lords: Cross Bench!

The Lord Privy Seal (Baroness Stowell of Beeston) (Con): My Lords, the House is signalling for the Cross Bench and the noble and learned Baroness, Lady Butler-Sloss.

Baroness Butler-Sloss: My Lords, the Minister is no doubt aware that some of the overseas territories have laws on family issues which are considerably behind the laws of this country. To what extent are the Government giving assistance to having a modern version of the Children Act in some of those countries?

Baroness Anelay of St Johns: The noble and learned Baroness has long professional experience in these matters. In October last year, our Solicitor-General chaired a successful conference of overseas territories Attorneys-General. This was to provide an important forum for encouraging progress on our priorities for the OTs and delivering our obligations for supporting the rule of law and the administration of justice, including matters of reform such as those she refers to.

Modern Slavery Act 2015

Question

3.14 pm

Asked by ***Baroness Young of Hornsey***

To ask Her Majesty's Government how they intend to monitor companies' compliance with Part 6 of the Modern Slavery Act 2015 regarding transparency in the supply chain.

The Advocate-General for Scotland (Lord Keen of Elie) (Con): My Lords, I am obliged to the noble Baroness, Lady Young of Hornsey, for the Question. I am aware of the strong interest she has always expressed in the transparency provisions in Part 6 of the Modern Slavery Act, and I believe she recently held a round table with a number of NGOs, businesses and other Peers in order to discuss these matters. Pursuant to Section 54(9) of the Modern Slavery Act, guidance for business has been published to help organisations comply with the requirements of the transparency measures in Part 6 of the Act. This includes the requirement to place a link to a statement on their website or, if they have no website, to make it available within 30 days of a request. Organisations failing to comply with their duty will face mounting consumer and investor pressure. If an organisation fails to comply, the Secretary of State may secure a court order.

Baroness Young of Hornsey (CB): I thank the noble and learned Lord for his response. The Home Office guidance on transparency in the supply chain states that the Government expect,

"organisations to build on their statements",

and "improve" them "over time". Can the Minister assure the House that a robust monitoring process has been established that supports this ambition and that there is a strategy for making accurate and accessible information free and readily available to members of the public, NGOs and other interested parties?

Lord Keen of Elie: There never was an intention to establish any central monitoring system with respect to these provisions. The idea was that there should be far more carrot than stick, and that peer pressure should be brought to bear on companies in order that they address their responsibilities. This was not intended to be some sort of tick-box mechanism whereby they simply put a form into a central repository. However, every company or organisation will be required to have a prominent place on their website to which members of the public may go to establish that the statement required by Part 6 has been made.

Baroness Butler-Sloss (CB): What progress is being made towards having a national website on which every business that has to have this message can put it?

Lord Keen of Elie: There is at present no intention that there should be such a national website.

Baroness Stroud (Con): The anti-slavery commissioner plays a crucial role in tackling modern-day slavery. Given that, will my noble friend please outline plans for the anti-slavery commissioner to be directly involved in the implementation of Part 6 of the Act, with particular reference to work encouraging businesses in this race to the top?

Lord Keen of Elie: I wonder whether the noble Baroness will allow me to write to her on the position of the commissioner, because I am not aware of his precise role in the implementation of Part 6, as distinct from his other roles.

Lord Rosser (Lab): My Lords, if peer pressure does not work—by which I assume the Government mean that people do not stop using firms that are still exploiting labour as part of the supply chain—are we getting the loud and clear message from the Government today that they do not actually intend to do anything themselves?

Lord Keen of Elie: That is not so. As has been made clear, the Government are committed to reviewing the transparency and supply chain regulations over a five-year period and have already established a two-year internal research programme to look at the effectiveness of the provisions, which will be monitored and considered. They have to be given an opportunity to work. We are in the vanguard of these developments: they were proposed in California, and we were the first country to follow suit with similar provisions, wider in their terms even than California's. Other countries are looking with interest at the direction in which we have taken this matter.

Baroness Doocey (LD): What steps are the Government taking to eradicate modern slavery from supply chains, following the recent report by the British Medical Association which uncovered evidence of endemic abuses of labour rights in the medical gloves sector, which is within the Government's own supply chain?

Lord Keen of Elie: The United Kingdom Government successfully campaigned to establish the first ever UN target for ending modern slavery: sustainable development goal 8.7, which was adopted in 2015 and requires Governments to take immediate and effective measures to eradicate forced labour and end modern slavery and human trafficking. In 2015, the United Kingdom also became the third country in the world to ratify the International Labour Organization's forced labour protocol, which commits to ending forced labour. Steps are being taken by the Home Office and other government departments to ensure the clarity of their supply chain.

Lord Alton of Liverpool (CB): My Lords, how does the Minister square what he has said to the House about not having a central repository in which people can find out exactly what the interests are of those involved in supply chains, with what his predecessor said when we debated an amendment I moved a year ago in your Lordships' House? His predecessor said,

"we want to see these statements in one place so that people can monitor and evaluate them to ensure that the intended action takes place".—[*Official Report*, 25/2/15; col. 1750.]

How does the Minister square what he told the House with what the anti-slavery commissioner, Kevin Hyland, said, which was quoted during those debates—

"I can confirm I fully support the suggestion of a website as the central repository for reports"—

and the evidence given to the House when the California experience failed because of the inability to have such a central website?

Lord Keen of Elie: The Government have always been clear that it is for others to establish such a mechanism. We are aware of a number of organisations that propose to set up a central repository. Indeed, I understand that Unseen and the Business & Human Rights Resources Centre have collaborated to develop a central repository for transparency statements linked to the enhanced Modern Slavery Helpline, to be launched later this year.

Lord Tebbit (Con): My Lords, have the Government ensured that if they take discriminatory action against such companies, they will not fall foul of any European Union legislation?

Lord Keen of Elie: There is no issue of discrimination arising in these circumstances.

Buses: Concessionary Fares

Question

3.22 pm

Asked by ***Baroness Randerson***

To ask Her Majesty's Government whether they plan to introduce a standard system of concessionary fares for young people travelling by bus in England.

The Parliamentary Under-Secretary of State, Department for Transport and Home Office (Lord Ahmad of Wimbledon) (Con): My Lords, the Government have no current plans to introduce a standard system of concessionary fares for young people travelling by bus in England. However, I take this opportunity to reiterate the Government's continued commitment to protect the free bus pass.

Baroness Randerson (LD): My Lords, young people are twice as likely as the rest of us to rely on buses. They use them to access education and work. Some councils and bus companies provide concessions, but the situation is very patchy. Does the Minister agree that we should provide all young people with a standard entitlement to reduced fares, along the lines used in Wales as a result of Liberal Democrat influence? Given that concessions to older people have proved very popular, as the Minister will know, is it not time that we played fair by young people by giving them a similar scheme?

Lord Ahmad of Wimbledon: First, I am fully aware of the scheme in Wales. For the record—I am sure the noble Baroness acknowledges this—it is both a Liberal Democrat and a Labour initiative in Wales. We are always magnanimous from the Dispatch Box.

Coming to the more central point, the noble Baroness is quite right to raise the issue of young people's travel. I appreciate the challenges that she has put into context. Across England, there are about 89 concessionary travel programmes outside London, of which about 22 currently practise young people's schemes. We look to ensure that good practice is shared; at the moment, as I said, no plans are being made for statutory provision across the country.

Baroness Corston (Lab): The Select Committee on Social Mobility of your Lordships' House, which I have the privilege to chair, reported last week on the

[Baroness Corston]
transition from school to work. Evidence that we took from organisations, including Barnardo's, was that young people who live in rural areas who would like to go to FE colleges or take up apprenticeships are prevented from doing so because of the cost of transport. Surely, young people like that, if the Government are truly honest in their apprenticeship levy, should be given the opportunity to get to training or study with some kind of concessionary scheme.

Lord Ahmad of Wimbledon: I will review the recommendations of the noble Baroness's full report, which I have not yet done, and perhaps we can meet in that regard after I have done so. But she is quite right—I agree with her that we need to ensure concessionary schemes across the country that provide good open access to all those who require it. However, we also need to emphasise the point that local authorities carry responsibility in this regard.

Lord Fowler (Con): My Lords, would not it be sensible to look at the whole free bus scheme again and try to make some distinction between those who can afford to pay a full fare and people—such as children—who, very often, cannot?

Lord Ahmad of Wimbledon: Affordability is an important issue to recognise. Of course, the definition is one area that sometimes causes confusion, because there are different definitions in different concessionary schemes of what constitutes a young person. I shall certainly take on board what my noble friend says. Anecdotally, for example, even across Europe, I was Spain recently, only to be confronted by a Spanish inspector who had no English—and I speak very little Spanish—who told me that my four year-old was required to pay an adult fare. Perhaps we need to look at these schemes in a wider context.

Baroness Maddock (LD): Is the Minister aware that help with transport costs for young people is particularly important in rural areas, where the population is very sparsely spread? Is he aware that, if you are a young person in my home town of Berwick-upon-Tweed, it is 50 miles and two hours by bus to your nearest FE college, and 67 miles by train—which is even more expensive—to Newcastle? Is he also aware that, because of this, take-up of FE for training and skills continues to be below the national average in our area, and has been for a long time?

Lord Ahmad of Wimbledon: I am aware now of the situation in the noble Baroness's area, as she has highlighted it. As I have said, we look towards local authorities to see what can be done. While I accept that we live in challenging times in terms of their settlements, they nevertheless have a responsibility to provide for local people in their area.

On rail, there is of course the railcard, which is something that is sustained and available to many people, and is utilised. There are very good examples across the country of good concessionary schemes on buses within urban cities, which can perhaps be shared across rural areas as well.

Lord Rosser (Lab): The Government's own figures show that since 2010 the number of transport authorities providing a concessionary youth scheme has fallen from 29 to 22—a reflection, no doubt, of the financial hammering taken by local authorities under the coalition Government and continuing under this Government. In the light of the question asked by my noble friend Lady Corston, what assessment have the Government made of the impact of the differing provision, including non-provision, of concessionary fares for young people between transport authority areas, including the impact on their opportunities in further education and employment?

Lord Ahmad of Wimbledon: I am not aware of a specific overall review that has been done, but the noble Lord is right to point out that the number of young persons' schemes have dropped over the last few years. As I have said, we are looking through the various other changes that we are making in local government financing, including the recent announcements on issues such as business rates, to empower local authorities to prioritise what they believe are the correct schemes.

Baroness Redfern (Con): My Lords, in agreeing with the Minister, I can say that North Lincolnshire provides a concessionary scheme for young people. We are a rural area and we know that it is very difficult to access FE colleges. No young person should be denied an opportunity to go further with their education. So although budgets are tight for local authorities, we provide that scheme.

Lord Ahmad of Wimbledon: The best answer I can give to my noble friend is that, again, that highlights responsible local authorities prioritising the schemes that they think should be prioritised.

Lord West of Spithead (Lab): My Lords, have the Government made any assessment of the cost to business in London of delays to buses and to people on those buses caused by the devastation of the road network caused by Mayor Boris Johnson?

Lord Ahmad of Wimbledon: Normally when the noble Lord rises to his feet it is a history lesson. However, he points to the challenges posed by construction taking place for the cycle lanes and by other construction in London. I will review this issue with TfL and write to him.

Psychiatric Units: Child and Adolescent Patients

Question

3.30 pm

Asked by ***Lord Harris of Haringey***

To ask Her Majesty's Government what assessment they have made of the number of deaths amongst

child and adolescent patients in psychiatric units, in the light of the investigation conducted by the charity Inquest.

The Parliamentary Under-Secretary of State, Department of Health (Lord Prior of Brampton) (Con): My Lords, every death of a young person in in-patient psychiatric settings is a tragedy. It is essential that each case is fully investigated and lessons learned. Four children have died in in-patient child and adolescent mental health services since NHS England came into existence in 2013. The Minister of State for Care Services plans to meet Inquest to consider what more can be done.

Lord Harris of Haringey (Lab): My Lords, I am grateful to the noble Lord for that response. It is obviously at odds with the comments made by his honourable friend the Minister of State, who told "Panorama" that the department simply did not know how many young people had died in psychiatric care. Does the noble Lord accept that he and his ministerial colleagues have a duty of care under Article 2 of the European Convention on Human Rights towards those in their care in psychiatric units? If so, as he said he was in favour of the principle of all those deaths being adequately investigated, will he ensure that in future there is a requirement on psychiatric units to report on premature deaths of all patients and that they are independently investigated by a body separate from the psychiatric unit concerned? He and I have discussed that in the past in his previous incarnation as chair of the Care Quality Commission.

Lord Prior of Brampton: My honourable friend Alistair Burt, the Minister for Care Services, and I accept that the lack of clear knowledge on how many deaths there have been in psychiatric care settings is not satisfactory or acceptable. I think the difference from the figure of nine in the "Panorama" programme is partly because the figure of four is from 2013 whereas the figure of nine probably goes back to 2010. Nevertheless, it is essential that we clear that up and get those facts straight. Alistair Burt has agreed to meet Inquest to do so.

As far as investigating these awful tragedies when they happen and learning from them, where someone is detained under the Mental Health Act and a suicide happens there is a requirement to inform the CQC, as the noble Lord will know. For example, where a child is not detained under the Mental Health Act, there is no such requirement. We are looking at this very thoroughly and when my honourable friend in the other place has completed his work I will write to the noble Lord with our findings.

Lord Patel of Bradford (Lab): My Lords, I want to carry on the discussion about admission to psychiatric hospitals. During the passage through this House of the 2007 mental health legislation, we identified that more than 350 children were placed inappropriately on adult psychiatric wards every year. One assumes that, almost 10 years on, that figure should have dramatically dropped and we should not see children placed on adult psychiatric wards. Can the Minister shed any light on whether we know how many children are still placed on adult psychiatric wards and what is being done to stop that happening?

Lord Prior of Brampton: My Lords, I think the figure for children on adult psychiatric wards is 391. It is far too high. It was described in the "Panorama" programme as the Cinderella service of a Cinderella service. What has come to light in the work done by the *Sunday Times*, "Panorama" and Norman Lamb in the other House is that we have a very serious problem here. It is not going to be solved overnight. The Government have committed to spend £1.4 billion over this Parliament to improve child and adolescent mental health care, but we have a long way to go.

The Lord Bishop of St Albans: My Lords, part of the answer to this difficult problem must be to ensure that we get the very best mental health care for young people at the earliest stage possible. I notice that earlier this week a report was published by the think tank CentreForum pointing out that mental health providers turned away 23% of the referrals of under-18s made to them. That includes illnesses such as anorexia, and sometimes young people are turned away because at that stage they have an insufficiently low BMI to justify being treated, despite the evidence that early diagnosis and treatment produce the best results. In the light of that, can the Minister reassure the House that Her Majesty's Government are keeping under review the criteria by which people are able to access these mental health services, to ensure that we get the best outcomes?

Lord Prior of Brampton: My Lords, there is no question but that early intervention is critical. There is a huge amount of unmet need. I expect that everyone in this House will know someone who has a child who has suffered from mental health problems, whether anorexia, self-harm or other aspects of mental ill health. It is a complete disaster, and for anyone who watched that "Panorama" programme it will have been brought very close to home. What the right reverend Prelate says is absolutely right. As I said in answer to the earlier question, we have a long way to go.

Baroness Tyler of Enfield (LD): My Lords, the recent research highlighted on the "Panorama" programme also highlighted the deeply disturbing fact that there is no single body responsible for collecting, analysing and recording these data. What plans do the Government have to ensure that this information is centrally collected and publicised?

Lord Prior of Brampton: If I may, I will write to the noble Baroness on this matter. For me, the two profound issues in that "Panorama" were, first, that the parents of that poor girl, Sara Green, had to travel for over five hours to visit her in the in-patient setting that she was in; and, secondly, that she was found to be ready for discharge after three months in that setting but it was six months later when she took her life in the home, because there was no community resource in place closer to her home. The whole thing is a tragedy, but those two aspects in particular were very disturbing.

Housing and Planning Bill

Report (2nd Day)

3.37 pm

Relevant documents: 20th, 21st and 26th Reports from the Delegated Powers Committee

Clause 55: Recovering abandoned premises

Amendment 39

Moved by ***Baroness Grender***

39: Clause 55, page 26, line 11, leave out "neither the tenant nor a named occupier" and insert "no tenant, named occupier or deposit payer"

Baroness Grender (LD): My Lords, I shall speak to all the amendments in this group that are in my name and that of the noble Lord, Lord Kennedy of Southwark. The amendments are designed to ensure that vulnerable tenants are protected under this new legislation on abandonment. I raised concerns about vulnerable tenants in the context of this policy change in Committee.

The Lord Privy Seal (Baroness Stowell of Beeston) (Con): My Lords, I am sure that those noble Lords who are participating in the Bill will want to hear the noble Baroness, Lady Grender, so we will allow a little time for noble Lords to leave the Chamber. I urge noble Lords to be as quiet as possible in their exit so that we do not take up unnecessary time waiting for them to depart. I think that now is a good time for the noble Baroness to restart the introduction to her amendment.

Baroness Grender: I thank the noble Baroness for that mini-filibuster to help me. I raised concerns about vulnerable tenants in the context of this policy change in Committee. The amendments would ensure that, in addition to contacting the tenant, where there was a person, a charity or a housing authority that had paid or contributed to the deposit, they would be contacted, too. So the amendments are aimed in particular at those tenants who are vulnerable and already known to charities or local authorities. This is critical because, as we all know—especially those of us who have debated the Bill for several hours—the end of a private tenancy is now the most common cause of statutory homelessness, accounting for 31% of all households accepted as homeless in England and 42% in London.

In the majority of cases where the landlord requires a deposit from the tenant, they will have paid the deposit themselves—but that will not always be the case. Sometimes the deposit will have been paid by a relative or an employer, but in many cases, in order to ensure that vulnerable people have access to the private rented sector, local housing authorities and charities will pay the deposit on behalf of the tenant. These amendments would ensure that, where the deposit had been paid by a third party and the landlord had commenced the abandonment proceedings, when they sent written notices to the tenant they would also have to notify the deposit payer. The deposit payer could therefore stop the process by confirming in writing to the landlord that the property had not been abandoned or by making a contribution towards the rent, which could be a nominal sum.

The amendments would provide additional protection to a vulnerable tenant who, for any reason, was unable to respond directly to the landlord. An example, which we discussed in Committee, is someone with mental health issues who is known to a charity, which has paid or contributed to that tenant's deposit. The charity would be able to get involved at an early stage and, if necessary, put a stop to the abandonment process. In effect, if the local authority, charity or any other person who had paid the deposit confirmed that the property had not been abandoned, that would bring the abandonment process to an end.

The amendments were tabled as a result of an extremely helpful meeting with the Minister and I thank her for that. She showed clear understanding of and compassion for the vulnerable tenants I have described and an understanding of the need to ensure that a third party is involved in the process. I also thank the Minister's officials for engaging in discussions about the best way to deal with abandonment while protecting the most vulnerable.

We on these Benches are not able to support Amendment 40 in this group because we believe that it would add a layer of bureaucracy without swiftly ending the abandonment procedure, which a third party could do under all the other amendments in this group.

Shelter and Citizens Advice originally highlighted the potential problems for vulnerable tenants in this part of the legislation. While they continue to have one or two misgivings about the clause, they are both very happy with this change. I beg to move.

Lord McKenzie of Luton (Lab): My Lords, I shall speak briefly in support of the amendments but will also take the opportunity to raise a drafting point which I do not think has been addressed in the Bill following Committee; nor indeed is it addressed by this amendment. In short, I am unconvinced that the legislation as it stands always supports the warning notice timetable set out by the Government. I, like the noble Baroness, Lady Grender, thank the Minister for the opportunity to discuss this matter with officials and for her follow-up letter of 4 April with the attached flow chart, but I fear that my concern has been inadequately expressed and continues to fall on stony ground.

The issue is in fact very straightforward and relates to when the unpaid rent condition is met—particularly, say, where rent is payable monthly in advance. For the purposes of the Bill, when no rent at all has been paid since the end of, say, month three, is the unpaid rent condition met on day two of month five or only at the end of that month? If the latter, I have no issue with the Government's analysis. However, I took from our meeting with officials that the former was the case, and in those circumstances the second warning notice could be given in a little over 31 days from the start of month four in this example, and the first warning notice from day five of that month, which would

enable the notice bringing the tenancy to an end to be served at just after eight weeks rather than the suggested 12 weeks.

I am not seeking to be difficult on this matter but, if it is agreed that there is a lack of clarity, it would seem to make sense to put matters beyond doubt either by a simple amendment from the Government at Third Reading or at least in some guidance.

3.45 pm

Lord Kennedy of Southwark (Lab): My Lords, as this is my first contribution today, I refer Members to my interests and declare that I am an elected councillor in the London Borough of Lewisham. At Second Reading and in Committee I expressed concern about the abandonment proposals. Taking the courts out of the process leaves tenants, especially vulnerable tenants, in a potentially very difficult situation. We are creating a court-free process to enable landlords—again, we are talking about rogue landlords—to potentially get rid of tenants they do not like. Noble Lords on these Benches, like many noble Lords on all sides of the House, are not fans of large parts of this Bill. However, one point that is generally welcomed are the provisions for the private rented sector. Often, we would like to go further, but we will keep at it and progress has been made. The abandonment clauses, however, are not good for tenants and could even be seen as a rogue's charter.

The amendments in this group include Amendment 40, proposed by myself and my noble friend Lord Beecham, which is the same amendment that we proposed in Committee. I am sure that the noble Baroness, Lady Evans of Bowes Park, will shortly tell us that anyone who is illegally evicted can seek redress in the courts afterwards. I would respond by saying that, with all your possessions on the pavement and no legal aid available, the chances of actually doing that are probably next to nothing.

The other argument deployed is that with limited resources a local authority may not be in a position to pass judgment in these cases. I see that point very well. However, I would say that the lack of resources and lack of ability for the council to act is the reason we brought the "homes fit for human habitation" amendment to your Lordships' House on Monday. In opposing that, the Minister said that local authorities have the powers but with no recognition that a lack of resources was undermining the ability of local authorities to carry out this duty. The inconsistency in the Minister's argument is there for all to see.

The other amendments in this group are proposed by the noble Baroness, Lady Grender, and me. These amendments seek to add an additional protection for tenants by including the deposit payer as someone who can respond to a notice from a landlord to confirm that the property is not abandoned. This is a step in the right direction and gives additional protection where a deposit has been paid by a different person or organisation. In some cases there will not be another person, but where there is, this is welcome, and we on these Benches are very happy to support these amendments, as have been outlined by the noble Baroness, Lady Grender. I hope the Minister will accept these amendments. I will not be pressing Amendment 40.

Baroness Evans of Bowes Park (Con): My Lords, it is not often that I get to say this, and indeed I am stealing my noble friend's thunder, but I am delighted to confirm that the Government welcome and support Amendments 39 and 41 to 50, moved by the noble Baroness, Lady Grender, and the noble Lord, Lord Kennedy. As the noble Baroness said, these amendments require a landlord who has received a deposit for the tenancy paid by someone other than the tenant to serve the written warning notices under Clause 57 on that person, as well as the tenant and any named occupier. This is an important change as it enables the deposit payer to respond to the warning notices to advise the landlord that the property has not been abandoned, and by doing so that will end the process. As the noble Baroness said, this is particularly relevant where the tenant is a vulnerable person. The noble Baroness has championed the interests of vulnerable tenants during Committee, and her helpful amendment, supported by the noble Lord, Lord Kennedy, will go a long way in mitigating any potential adverse impacts on them. I thank her for working with us.

Often, a vulnerable tenant would have received assistance and financial support, including through payment of a tenancy deposit, from the local authority or a charitable organisation to secure accommodation in the private rented sector. Through these amendments the deposit payer will be able to respond, instead of the vulnerable tenant, to the landlord to confirm that the property is not abandoned or make a payment to stop the process from continuing, pending, perhaps, further enquiries as to the whereabouts of the tenant. There is a real stake in a local authority, or for that matter any other deposit payer, acting quickly to confirm that the property is not abandoned or in making a payment pending further enquiries as to the whereabouts of the tenant, since they will lose all or most of the deposit if the unpaid rent condition is met. It is also likely, therefore, that a deposit payer—indeed, any deposit payer—will want to be absolutely satisfied that the unpaid rent condition is met, the property has been abandoned and the landlord has followed the correct procedure.

The requirement to send the notices to the deposit payer improves the provisions further and builds on changes we made in the other place to ensure that payment of any rent would halt the abandonment process; that is, the requirement that the written notices be sent also to the address of any guarantor and that a third notice be affixed to the property so that the procedure is not open to abuse and vulnerable tenants are adequately protected.

Amendment 40, tabled by the noble Lords, Lord Kennedy and Lord Beecham, would require the landlord to seek confirmation from the local authority that it suspects that the property has been abandoned. This would apply in all cases and not be limited to those where the local authority had paid a deposit. However, on the face of it, there is no obligation on the local authority to respond to that inquiry, but the landlord cannot end the tenancy until such a response is received. Unlike where the authority is the deposit payer, there is no direct incentive or reason for it to respond to the request quickly, so the amendment would simply cause further delay in recovering the abandoned property as

[Baroness Evans of Bowes Park]
the arrears continued to accrue. I hope that noble Lords can appreciate that. Although the amendment would not require the authority to respond to the notice, the landlord would have a legitimate expectation that it did so and within a reasonable timeframe. That could leave local authorities exposed to legal challenges where they incorrectly responded or failed to respond promptly.

In response to the drafting points raised by the noble Lord, Lord McKenzie, I will write to him, but I can confirm that we will bring forward clear guidance setting out the procedure and timescale.

So while we support Amendment 39 and Amendments 41 to 50, we do not think that Amendment 40 would achieve the same assurance that the deposit payer would respond at pace, if at all. Subsequently, it would place undue burdens and risks on local authorities. I therefore ask the noble Lords, Lord Kennedy and Lord Beecham, not to press that amendment.

Baroness Grender: I thank the Minister for accepting the amendments.

Amendment 39 agreed.

Amendment 40 not moved.

Clause 57: Warning notices

Amendments 41 to 45

Moved by ***Baroness Grender***

41: Clause 57, page 26, line 30, leave out "the tenant and any named occupier" and insert "the following"

42: Clause 57, page 26, line 31, at end insert "—

(a) the tenant,

(b) any named occupiers, and

(c) any deposit payers."

43: Clause 57, page 26, line 36, leave out "or a named occupier" and insert ", a named occupier or a deposit payer"

44: Clause 57, page 26, line 38, leave out "neither the tenant nor a named occupier" and insert "no tenant, named occupier or deposit payer"

45: Clause 57, page 27, line 14, after "Part" insert "—

"deposit payer" means a person who the landlord knows paid a tenancy deposit in relation to the tenancy on behalf of the tenant;"

Amendments 41 to 45 agreed.

Clause 59: Methods for giving notices under sections 55 and 57

Amendments 46 to 49

Moved by ***Baroness Grender***

46: Clause 59, page 27, line 30, leave out "or named occupier" and insert ", named occupier or deposit payer"

47: Clause 59, page 27, line 32, leave out "or named occupier" and insert ", named occupier or deposit payer"

48: Clause 59, page 27, line 36, leave out "or named occupier" and insert ", named occupier or deposit payer"

49: Clause 59, page 27, line 38, leave out "or named occupier" and insert ", named occupier or deposit payer"

Amendments 46 to 49 agreed.

Clause 60: Interpretation of Part

Amendment 50

Moved by ***Baroness Grender***

50: Clause 60, page 28, line 10, at end insert—

""tenancy deposit", in relation to a tenancy, means any money intended to be held (by the landlord or otherwise) as security for—

(a) the performance of any obligations of the tenant arising under or in connection with the tenancy, or

(b) the discharge of any liability of the tenant arising under or in connection with the tenancy;"

Amendment 50 agreed.

Clause 62: Grants by Secretary of State

Amendment 51

Moved by ***Lord Beecham***

51: Clause 62, page 28, line 28, at end insert—

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

(a) of the same tenure,

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

(c) in accordance with assessed local housing need."

Lord Beecham (Lab): My Lords, the amendments in this group relate to the extension of the right to buy to housing association tenants, for the time being under a so-called voluntary scheme entered into by the sector with the Government. On several occasions I have expressed my scepticism about how long the agreement will remain voluntary. I pointed out in Committee that the Bill's impact assessment states explicitly, in somewhat minatory fashion:

"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".

The nostrum of Theodore Roosevelt comes to mind:

"Speak softly and carry a big stick"—

a view reinforced by the fact that the agreement contains a "presumption" that associations will agree to tenants' applications to exercise their right. The very word, it might be thought, gives the game away.

So I ask the Minister whether the monitoring process applies not just to sales but to the number, type and location of the replacement housing which is supposed to be built. How often will the monitoring take place and by whom will it be performed? Will it really be possible to replicate as a result of this policy developments such as the famous Bournville village, still flourishing as a distinctive community 125 years since its conception?

In Committee, I went on to point out that the so-called impact assessment did not contain any estimate of the number of homes which might be sold, over what period, how much is expected to be realised and what the cost of discounts would be and how they

would be met. Is the Minister able to enlighten us as to these rather critical factors in terms of the operation of the scheme?

There is no requirement to replace any houses sold in the local authority area where they are situated, nor need the replacements be of the same tenure. In some cases that might prove difficult, which serves only to emphasise the way in which the current mix within communities is likely to change, a factor which is the special concern raised in Amendment 52 in the names of the right reverend Prelate the Bishop of St Albans and my noble friend Lady Royall.

The long-term effects are likely to reflect the experience of the forced sale of council housing, where now something like 40% of houses which were sold under right to buy are owned by private landlords, with rents which have soared—increases which, in turn, have been reflected in an increasing cost to the Government through housing benefit.

Even allowing for the unspoken threat of compulsion—which, with a bigger Conservative majority, I suspect, would have already resulted in a compulsory scheme—there is a marked contrast with the cavalier approach towards local housing authorities. They not only have to offer ever-larger discounts to their tenants but also, adding injury to insult, have to pay for the scheme by the sale of high-value homes, the subject of amendments in later groups.

In Committee, the noble Baroness, Lady Williams, in replying to the noble Lord, Lord Young of Cookham, said that the Government were discussing with the sector the issue of the application of the agreement to properties constructed under Section 106 agreements and whether or not they would be included. Perhaps the noble Baroness can update us on that position.

The noble Baroness also responded to an amendment from this Front Bench seeking to exclude properties specifically designed for elderly or disabled residents of the scheme by saying that it would be "wholly unequal"—I think she meant inequitable—to prevent such residents having the opportunity to share in the benefits of home ownership, and that a property which had been adapted specifically for a tenant and selling it,

"and freeing the capital to build a new unit for the next person in need is the best outcome".—[*Official Report*, 8/3/16; col. 1228.]

It might be, but there is no requirement to do so. Nor does the purchase have to be by elderly or disabled people.

The term "purpose-built bungalows" in developments such as, I say modestly again, Beecham Close—built in Newcastle in my ward—could easily over time be occupied by people for whom they were not designed. They are perfectly accessible properties specifically designed for elderly people but they could go to anyone after resale, let alone preserve the character of a group specifically designed to bring people with similar needs together.

Amendment 51 seeks to ensure that the full market value of properties sold by associations under right to buy is invested by the association in the same local authority area to provide affordable housing of at least one new replacement home of the same tenure and in accordance with assessed housing need. It therefore prescribes this in addition to any conditions which the Secretary of State considers appropriate under existing Clause 62(2). I beg to move.

Lord Wallace of Saltaire (LD): My Lords, I am not an expert on housing but in the previous coalition Government I spent three years speaking in this House for charities, and I am concerned about the implications of this aspect of the Bill for charity law. In the past two or three weeks I have spoken to a number of charity lawyers and people concerned with charities and it was suggested that we might wish to table an amendment to exempt charities from this. However, at this stage, I ask the Government for some reassurance that they have considered the potential impact on charities of this development and that they would be willing to meet with and discuss further with representatives of the Almshouse Association, the Charities' Property Association and the Charity Law Association to think through the implications of the Bill and, incidentally, the plans to make all schools, some of which have charitable property, into academies, which also raises large questions about the future of charity law.

There are questions of public benefit—and private benefit if one is selling off properties—which again raise some large issues and which, potentially, drive a coach and horses through the underlying principles of charity law. As the noble Lord, Lord Beecham, has hinted, this is particularly relevant to almshouses, which are specifically built and permanently endowed for old people. The idea that they should be sold off and then perhaps diverted to different uses raises some fundamental issues.

4 pm

Lord Lansley (Con): I am grateful to the noble Lord for giving way. Am I missing something? Were we not told explicitly during Committee that almshouses would be exempted?

Lord Wallace of Saltaire: I apologise if that is the case. If almshouses are exempted that is helpful; nevertheless, the issues which the noble Lord, Lord Beecham, raised about houses specifically adapted for particular purposes remains true and very much part of the case.

The question of permanent endowment of property, which also relates to housing associations, many of which are charitable, remains at stake. There are issues here about the potential move from voluntary to a little less than voluntary, which is implied in the suggestion that the noble Lord talked about, when providing guidance. The lawyers with whom I have discussed this tell me that so long as it remains entirely voluntary, we will remain on the right side of the law. But if the guidance issued by the Government after passing the Act moved towards the border between voluntary and non-voluntary, we would indeed be risking some of the underlying principles of charitable law. My simple request to the Minister is that, in order to provide reassurance to this extremely important sector—I am sure that all Conservatives are committed to the future flourishing of the charitable third sector—she be willing to ensure that the relevant

[LORD WALLACE OF SALTAIRE]
officials and Ministers meet with representatives of the expert associations so that such reassurances can be given.

Lord Young of Cookham (Con): My Lords, perhaps I may intervene briefly on these two amendments. I have some sympathy with Amendment 52. As a former Member for a rural constituency, I know how important housing association properties for rent are in small villages. They contribute to the balanced communities that we want to retain, so I understand the concerns here. However, the amendment is entirely unnecessary because under the voluntary agreement there is absolutely no obligation on rural housing associations to sell their properties. Indeed, they are closer to the problem than almost anyone else, so it is most unlikely that, given the nature of the voluntary agreement, they would want to sell these properties.

The voluntary agreement specifically refers to properties in rural areas as examples of circumstances where housing associations may exercise discretion over sales, so in a sense the amendment is redundant. Also, if a housing association actually wanted to sell a property in these areas, the amendment would not prevent it doing so. All the amendment would do is stop the Secretary of State giving the housing association a grant to replace the property. I shall go back to the first point I made: certainly, the housing associations that were active in my former constituency would not, given the nature of the voluntary agreement, dispose of a property for rent in a rural area because they are more aware than almost anyone else of how valuable these properties are.

Amendment 51 is much more serious. It invites the Government to break the voluntary agreement they have entered into with the housing associations. It states:

"The Secretary of State must set as a condition under subsection (2) that money equivalent",

must be spent in a particular way. Chapter 2 of the voluntary agreement makes it absolutely clear that the Government want housing associations to have flexibility:

"Housing associations would have flexibility to use receipts so they can respond to market pressures and local housing need. In order to facilitate this, the definition of a replacement home would be broad and include the development of Starter Homes, shared ownership homes and other part buy and part rent models",

excluded by the amendment. The agreement goes on to say that,

"in some limited circumstances, it may not be appropriate or desirable for a housing association to build a new home to replace the one sold",

since it may be easier to buy another one or bring an empty home back into use to replace the home that has been sold. I very much hope that my noble friend the Minister is not going to break the voluntary agreement, endorsed by the Prime Minister, that the Government have entered into by lending any support to Amendment 51.

The Lord Bishop of St Albans: My Lords, I rise to speak to Amendment 52, which is in my name and has the support of the noble Baroness, Lady Royall. I am grateful to the noble Lord, Lord Young, for his comments. I also want to note my support for Amendment 51, tabled by the noble Lords, Lord Kennedy and Lord Beecham, which would serve to better protect areas of high value, such as St Albans city and district in my own diocese, from a potential loss of social housing to other parts of the country.

The purpose of my amendment is to ensure that any home sold by housing associations under right to buy in rural areas is replaced in the same or an adjoining parish. This would shift the terms of the current right-to-buy deal from one in which housing associations have discretion over the sale of assets under right to buy in rural areas to one in which they are unable to take advantage of right-to-buy funding in rural areas unless they guarantee replacement housing in the same or an adjoining rural area. Such an amendment is widely supported by coalitions of rural landowners such as the CLA, the Campaign to Protect Rural England and rural housing associations such as Hastoe Housing Association.

I recognise that many Peers have a legitimate concern about preserving the status of housing associations as independent providers of social housing, and that this would lead them to support increased individual choice for housing associations wherever possible. However, I have to agree with the noble Lord, Lord Taylor of Goss Moor, who pointed out in Committee that,

"the circumstances of rural communities and villages are exceptional".—[*Official Report,* 8/3/16; col. 1209.]

As has been repeatedly stated in this House, just one in 10 homes in rural areas is classed as affordable housing, compared with one in five in urban areas, despite the fact that in 90% of rural authorities, the average home costs eight times the average salary. That leaves a large proportion of rural communities struggling to make ends meet in the private rental market, desperately waiting for affordable rents to become available, or forced to leave their communities altogether. The Government's facilitating the sale of what little affordable housing exists in rural communities seems to me to be a failure of policy, particularly given the immense difficulties associated with securing new or replacement rural affordable housing. In many rural communities it is virtually impossible to build more social housing.

Along with other noble Lords, I have raised this issue several times in the House already, and every time it has been pointed out that under the terms of the voluntary agreement, housing associations are exempt from the requirement to sell in rural areas. I am well aware of that. My concern is what happens when housing associations do choose to sell rural properties, given that there is currently no requirement for them to build replacements in the same area.

In Committee, several Peers indicated that we need simply to take it on trust that housing associations, because they are close to the actual situation on the ground, will not sell rural homes in areas where they cannot or will not be able to replace them. That seems highly questionable to me. Most housing associations, unless they have a specific rural focus in the very nature of what they have set out to do, have a duty to the vulnerable that transcends rural and urban boundaries. It would not be for me to criticise a housing association which, in selling off one rural affordable home—it will

probably be an extremely valuable property, or certainly a more costly property—was able to provide affordable housing for two families in an urban area.

That sounds an eminently sensible thing to do for the overall good of everybody. However, for the individual housing association, it could make perfect financial and charitable sense to consolidate the housing stock in, say, quite a limited urban area—a town or a city—where the costs of development tend to be cheaper and where it can support more families. But for the rural communities in question, that would be devastating: not just for the individual families who are unable to live in the local village and perhaps where many generations of their family have lived in the past, but for the sustainability and the future of the wider community. Without people of all incomes living and working in the local area, no rural community can sustain flourishing schools, shops, pubs and churches. Rural communities need hope for a sustainable and secure future. This is particularly true when it comes to the development of rural exception sites, which are a crucial route to securing affordable housing for rural communities.

Speaking personally on my own area of interest, many dioceses in the Church of England, including my own, are committed to using glebe land to provide for rural exception sites where possible, but the extension of right to buy will make the provision of such sites much more difficult for us as a charitable body, given that charitable assets might be transferred to individual ownership, where they could be used for profit. I know that the CLA has spoken to many landowning members who have similar reservations about providing land for rural exceptions sites without strong guarantees that the resultant affordable housing will remain available to the local community in perpetuity. I welcome the concession the Government have already made on rural exception sites regarding starter homes, and can only hope that today might find the Minister in a similarly understanding mood—I smile at her hopefully.

The sale of vital and scarce affordable housing should not receive government subsidies in rural areas unless local replacement is guaranteed. This cannot be left to the discretion of housing associations, which will face immense pressure on their resources in the coming years. Securing the sustainability of rural communities is the duty of government, and I hope the Government will make the necessary amendments to the Bill.

Baroness Redfern (Con): My Lords, I support Amendment 51. This new, reinvigorated right to buy will certainly help housing associations to retain their independence, and will, I am sure, bring about a new era for building and bring an end to the housing crisis. Associations are a vital piece of the housing predicament jigsaw and together, working closely with government, will help to bridge the generation gap and give that boost to those Britons whose overwhelming ambition is to become home owners.

Housing associations are professional organisations that have sound commercial and social principles and manage their estates extremely well. The important fact to emphasise is that they are well established, intuitively know what type of housing is best suited for their area, and know where their new build is in greatest need.

Another part of the jigsaw is job opportunities—a possibility that turns people's ambition into reality for the very first time. That is why it is so important for tenure to be taken locally. A voluntary agreement with the National Housing Federation and the housing association sector gives the flexibility to replace nationally, since housing associations know their customers' needs best. Because of that, it is particularly important that an agreement also gives them flexibility and discretion over sales of properties in rural locations.

My noble friend Lord Young alluded to housing associations having the inner knowledge and expertise where local demand is required. As we know, different parts of the country have unique demands. Therefore, government should not be instructing them where to build replacement homes; rather, it should recognise the importance of ensuring that rural communities are protected, but believe that the best way of doing that is not by preserving them exactly as they are now. Instead, we should be supporting living, working and sustainable rural communities, with tenants having real choices about where and how they live. Allowing rural tenants the same opportunities to access home ownership as other tenants is a good thing.

Baroness Hollis of Heigham (Lab): My Lords, the comments of the noble Lord, Lord Young, confused me. Will the Minister very briefly clarify them in her response? The right reverend Prelate the Bishop of St Albans mentioned in particular the situation of a housing association such as Hastoe, which is well known as a rural housing association that did not sign up to the voluntary deal, is opposed to it and did not want to participate in it. Now what will happen? We may or may not get rural exception sites and so on, but even there my understanding is that the Government proposed that any tenant in such a position would port a discount to somewhere else where they would be able to buy. However, if an entirely rural housing association that is opposed to the voluntary deal and may wish to exercise its discretion not to engage in it has no property that is non-rural, can the Minister clarify what is then the situation? If a housing association is opposed to the voluntary deal, who will ensure that, if the Government deem that this is the right course forward, none the less sales will go ahead? Secondly, if it is entirely rural, with no property to which a tenant can port the discount, what happens then?

I would be glad of some reassurance because the description given by the noble Lord, Lord Young, of what goes on in rural areas bore no resemblance at all to my experience as a former chair of a housing association that was largely rural.

4.15 pm

Lord Shipley (LD): My Lords, I will make a brief point about Amendment 51. The amendment might theoretically look attractive but I noted the comments of the noble Lord, Lord Young, and they seem relevant to this. In addition, despite the support of the noble Lord, Lord Beecham, and the noble Baroness, Lady Redfern, Amendment 51 could end up being very

[LORD SHIPLEY]
restrictive by requiring a housing association to build replacement property within the local authority area in which the original house was sold. The consequence is that that would deny the association the right to build outside its area. I would like to think that housing associations would talk with their local authorities about this, but in urban areas where boundaries between local authorities can be difficult for neighbourhoods to adjust to, it seems there is a benefit in enabling housing associations to cross local authority boundaries. When the noble Lord, Lord Beecham, responds to the debate, will he explain whether he believes that it should be possible for a housing association to build outside its local authority area and not be constrained by the terms of this amendment?

The Duke of Somerset (CB): My Lords, I support Amendment 51 and declare my interest as a rural landowner and landlord. Many members of the rural housing group expressed concerns over some aspects of the Bill and, like myself, seek reassurances on the replacement policy for right to buy.

First, there does not appear to be any current requirement for houses that are sold to be replaced locally. I hear what the noble Lord, Lord Young, said but it is still vital for small communities to retain affordable housing for key rural workers, who are often in the low-paid sector. They need to service their jobs on the basis that they can pop in and out. If you look after animals, it is not a nine-to-five job but a matter of going back when the need is there. It is little help to provide these houses miles away on the edge of a larger settlement or market town. Yet it is quite possible that housing associations, if they sell, are tempted to build their replacements on the edge of such towns. As we heard, building in the countryside is more expensive and also more constrained. The same remarks apply to trying to replace in AONBs and national parks.

Secondly, I feel strongly that there should be a requirement to replace locally, on a one-to-one basis, especially in rural areas. No one wants a reduction in the total amount of affordable housing. We heard—with a different statistic but it comes to the same thing—that there is only 8% of such stock in small, local communities. This is what we have defined in Amendment 52. We cannot afford any further losses. History shows that similar policies failed in this respect and it is hard not to suspect that there will be the same result from this attempt as the Bill is currently drafted.

Thirdly, there is the question of whether replacement should be of the same tenure. Although this was largely resolved in our debate on Tuesday, when the Government accepted the exclusion of starter homes from small rural sites, other types of tenure can be involved. I look forward to hearing the Minister's response to the noble Lord, Lord Beecham, on this point.

Finally, and crucially, we must consider the likely future state of rural social housing without this amendment. It appears to me that there will be a threat to the social and economic cohesion of the countryside. This amendment would help to prevent the disappearance of any assisted housing from such communities. Therefore, I strongly support it.

Lord Teverson (LD): My Lords, I keenly support Amendment 52, in the name of the right reverend Prelate the Bishop of St Albans, and emphasise some of the points he made about replacing properties within the same parish or within one parish. Some housing associations in the south-west cover the whole of Cornwall. The distance from Sennen to Bude is some 83 miles. That is the sort of distance covered by housing associations in Cornwall. Some cover Cornwall and Devon. Indeed, the distance between Land's End and the Dorset border just the other side of Honiton is some 150 miles and involves more than four hours' travel time. There are great differences even between local communities in rural areas. Each has specific characteristics and great local pride. This amendment is incredibly important to maintain the fabric of rural communities. The way that it is drafted provides an important assurance that housing associations would be able to replace properties on a like-for-like basis in terms of not just tenure in other areas but the ability of people who live in these communities to continue their work, education and hobbies in the same area.

Baroness Bakewell of Hardington Mandeville (LD): My Lords, I speak to Amendment 52, in the names of the right reverend Prelate the Bishop of St Albans and the noble Baroness, Lady Royall of Blaisdon. In so doing, I declare my interest as the chair of the National Community Land Trust Network.

I spoke on this subject at length in Committee and have no need to rehearse the arguments again, as the right reverend Prelate the Bishop of St Albans has once more laid out the case very clearly and the noble Duke, the Duke of Somerset, and my noble friend Lord Teverson have added to those arguments.

We have heard that the Minister and the Secretary of State will bring forward amendments at Third Reading which will satisfy those of us in this House who are very concerned at the Bill's impact on rural settlements. Like others in this House, I wait to be convinced at Third Reading but for now am content to support the arguments already made.

Baroness Evans of Bowes Park: I thank all noble Lords who have contributed to this debate. I fully understand the desire of the noble Lords, Lord Kennedy and Lord Beecham, and others to ensure that affordable housing is not lost to an area, and the concerns raised by the right reverend Prelate and others relating to rural issues.

Extending right-to-buy discounts to housing association tenants was a manifesto commitment taken forward through a voluntary agreement with the sector. This is about opportunity—social tenants having equal access to the opportunities for home ownership. I am sure that noble Lords agree with that. The other place was supportive of the agreement. The National Housing Federation and the housing association sector came to government with this offer. It is entirely voluntary and represents 96% of stock.

Under the terms of the agreement, housing associations will deliver an additional home through new supply nationally for every home sold under the voluntary right to buy. This will increase overall supply and housing associations will have discretion not to sell

particular properties, including where those properties would be difficult to replace. As a number of noble Lords said in Committee, to legislate would go against the voluntary nature of the agreement and introducing controls would present a classification risk.

While I appreciate the strength of feeling on this issue, the Government cannot accept Amendment 51. Placing restrictions on housing associations in implementing the voluntary right-to-buy agreement by requiring replacements to be of the same tenure and in the same area would, we believe, fetter their ability to deliver housing in accordance with local need. Under the terms of the voluntary agreement, housing associations will have the flexibility to build replacement properties where they are needed. Governments should not instruct them where to build replacement homes, nor specify what tenure the replacement should be. I pay tribute to housing associations, which have a history of delivering new housing supply that this country needs. Setting arbitrary rules without any reference to local conditions is likely to hinder not help them in delivering new affordable homes. They are best placed to determine what type of housing is best suited to a community and it is only right that decisions on tenure be taken locally.

The noble Lord, Lord Beecham, raised the issue of Section 106 properties. We are engaging with the sector on the implementation of the voluntary right to buy, including what is provided under Section 106 agreements. He also asked about monitoring. Regular statistics are published about property sales by councils under the existing right-to-buy scheme. Clause 64 allows for the monitoring of housing association sales under the voluntary agreement and I can confirm that replacements will also be monitored.

The noble Lord, Lord Wallace, asked about engagement with charities. I can confirm that officials and the National Housing Federation have held working groups with charities to work through the issues that he raised. My noble friend the Minister and I would be very happy to meet further on this matter. I can also confirm that almshouses are exempt from the right to buy.

Amendment 52 relates specifically to rural areas and would require at least one replacement property in the same or an adjoining parish as the property sold. I completely agree that we should support strong and sustainable rural communities. As my noble friend Lord Young rightly said, the voluntary agreement, as well as giving housing associations the flexibility to build replacement properties where they are needed, already gives them discretion over sales of properties in rural locations. My noble friend Lady Williams will shortly talk in more detail about rural needs. It is clear from our engagement with the sector that associations are intending to exercise their discretion not to sell properties in rural areas where they would be difficult to replace. These are organisations that have well established and supportive relationships with the local communities that they serve and, as the noble Lord said, often have charitable status that ensures that they will deliver housing that the community needs. However, they also have to operate within the confines of what is practicable—for instance, in terms of land assembly and planning permission. They need the freedom to find the best opportunity available for delivering for local housing needs.

The noble Baroness, Lady Hollis, asked what happens when a housing association has not signed up to the agreement and all its properties are in a rural area. As I have said, the deal is voluntary; housing associations, whether signed up to the agreement or not, do not have to sell any home, whether rural or not, where this is not in the interests of the area. She also asked about exercising discretion and the portable discount. Where a housing association exercises its discretion not to sell a home, the housing association will provide an alternative from its own stock or that of another housing association. Housing associations would work together to develop joint arrangements to enable this to happen.

Baroness Hollis of Heigham: I thank the noble Baroness for her comments and for allowing me to intervene. I am still puzzled. If a housing association is entirely rural, is not signed up to the deal and therefore does not wish or feel it is appropriate to lose or sell any of its stock, has no property to which it can attach a portable discount for one of its existing tenants to move to, and does not necessarily have a collaborative arrangement with another housing association—why would it?—what happens then?

Baroness Evans of Bowes Park: As I have said—and I am afraid I can go no further than what I have said—properties in rural areas, or indeed any other area, do not have to be sold where this is not in the best interests of the area. However, it is right that this should be a local decision.

Our manifesto commitment to extend right-to-buy discounts to housing association tenants is being taken forward through a voluntary agreement. As the noble Lord, Lord Kerslake, said in Committee:

> "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".—[*Official Report*, 8/3/16; col. 1212.]

I think that noble Lords would trust housing associations to have the best interests of their tenants and local communities at heart and to build replacement properties where they are needed. To legislate would go against the voluntary nature of the agreement and restrict housing association decision-making on what is best for its organisation and local communities.

To introduce controls and restrictions in legislation would also present a classification risk. The noble Lord, Lord Best, raised this concern in Committee, when he said that,

> "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".—[*Official Report*, 8/3/16; col. 1203.]

On the basis of the comments that I have made, I ask that the noble Lord withdraws his amendment.

4.30 pm

Lord Beecham: I am grateful to all noble Lords who have spoken in the debate and to the Minister for her reply. I am particularly grateful to the noble Lord, Lord Shipley, for detecting an error of judgment in the amendment in my name and that of my noble friend Lord Kennedy. He is absolutely right that it would be a mistake to require the replacement homes to be built in the same locality. Were this a matter that the Government were going to take back and consider, I would invite them to take that into account. Clearly, however, they are not going to take it back to be considered.

The noble Lord, Lord Young, rather airily dismissed concerns about the nature of this process on the grounds that it is, after all, voluntary. On paper, it looks as though it is voluntary; however, I return to the issues which I raised. In that event, why is it necessary to create a presumption as to the process, which the Bill does? Why is it necessary to declare that primary legislation is required to monitor how those opportunities are being adopted? The Minister talked about figures being available but this is a legislative provision. If it is simply a question of collating material, it would hardly be necessary to include it in legislation. Nevertheless, it is to be included and there is this worrying presumption that housing associations will agree to tenants' applications and monitoring will take place to see that those associations are held to account by potential home owners. That is a rather threatening background to what is allegedly an entirely voluntary scheme. I hope that the noble Baroness, Lady Evans, will forgive me but I remain sceptical about the long-term nature of that voluntary claim. I hope to be disproved on that.

I would be tempted to test the opinion of the House, were it not for the fact that the sector has largely accepted the agreement—mistakenly, in my view, but nevertheless it has. In those circumstances, I hope that I am proved wrong but I will not seek to press the amendment and I beg leave to withdraw it.

Amendment 51 withdrawn.

Amendment 52 not moved.

Clause 67: Payments to Secretary of State

Amendment 53

Moved by ***Lord Lisvane***

53: Clause 67, page 30, line 5, after "may" insert "by regulations"

Lord Lisvane (CB): My Lords, Clause 67(1) gives power to the Secretary of State to make a determination requiring a local housing authority to make a payment to him in respect of vacant high-value housing—or, if later government amendments are agreed to, higher-value housing. The vehicle of a determination has been well described by the distinguished legislative draftsman Daniel Greenberg, who is also the editor of *Craies on Legislation*, as "quasi-legislation". It nevertheless has the force of law and as such it can, for example, modify, dilute or remove rights. Clauses 67 to 71 set out some undemanding parameters for the Secretary of State in making his determination, although the Government regard it as,

"setting out clearly the scope of the determination-making power".

But in essence, in the Bill as reported, the Secretary of State would have extensive freedom of action in an area which may be the subject of considerable contention.

Amendment 53, in my name and those of my noble friend Lord Kerslake and the noble Lord, Lord Beecham, would require any determination made by the Secretary of State to be by regulations. Taken together with Amendment 132, any determination that affected more than one authority would be subject to the affirmative procedure. Amendment 132 would additionally apply the affirmative procedure to regulations that contained more than one determination. It would also make the definition of high-value—or higher-value—housing subject to parliamentary approval.

Parliamentary approval and authority is at the heart of this issue. This is not about the threshold between primary and secondary legislation—much in our minds in the Strathclyde context—although those issues will be very much to the fore in the very last group on the Marshalled List. Instead, this is about what Ministers may do without seeking the approval of Parliament. The Delegated Powers and Regulatory Reform Committee, of which I am a member, under the exemplary chairmanship of the noble Baroness, Lady Fookes, reported on this proposed delegation in its *20th Report* of this Session. The committee concluded that it was,

"inappropriate to delegate to the Secretary of State a power to determine the amount of the payment to be made by local housing authorities without any form of Parliamentary scrutiny, particularly in view of the paucity of detail on the face of the Bill to guide how the power is to be exercised".

The Minister responded to that report and to the following one dealing with the second half of the Bill on 23 March. Although I am speaking in an understandably critical vein, at this point I pay tribute to the noble Baroness for the care and courtesy with which she has handled proceedings on the Bill and for her readiness to engage with noble Lords in all parts of the House. However, I have to take issue with her on what she said in her reply to the Select Committee. She said:

"The nature and amount of information that will be contained in the determination … means that it is appropriate to use a determination rather than a statutory instrument. The determination will contain the formula, the assumptions and the payments for … each of the 165 local housing authorities … including, amongst other things, the authority's vacancy rate, the value of its high value housing, the number of high value properties and amounts in respect of transaction costs and attributable debt … In setting out such a large and complex set of data there is the potential for errors to creep in, which would only be noticed by the relevant local authority. We therefore want to ensure that there is flexibility to amend the determination very quickly to correct any such errors".

There is a syllogism here which I hope the noble Baroness will acknowledge. She is in effect saying: first, there is a huge amount of information; secondly, all that information must be in the determination; thirdly, it is too much information to put into an SI, especially if correction might be needed; and fourthly, ergo, the determination cannot be in an SI. But that is not so, and I hope that I can help the noble Baroness

out of this particular cul-de-sac. The sharp end, as it were—the formula, the assumptions, the payments for each authority—can be in an SI subject to the approval of Parliament. The extensive supporting working can of course be published at the same time, but it does not have to be in a form which is formally subject to the approval of Parliament in an SI.

The distinction in Amendment 132, applying the affirmative procedure to a determination which is of general application and the negative procedure to any which has specific application to an individual authority, would deal very neatly with the Minister's concern about needing to correct mistakes which could be noticed only by the relevant local authority. A correction of that sort could be done very quickly by a negative SI without needing explicit parliamentary approval—which of course I agree would take time. On the other hand, a systemic error, or a major change in assumptions, would attract the affirmative procedure and Ministers would have to explain themselves to Parliament. That is as it should be and as I hope it will be. I beg to move.

Lord Kerslake (CB): My Lords, I will speak very briefly on this issue because it is almost impossible to follow that advocacy. I learned more in that particular bit about the process of dealing with these issues than I have over a long period.

During the Bill's passage, there has been a great deal of concern about the things we do not know and cannot see at this point in its progress. We will come on to the question of secondary legislation, as the noble Lord, Lord Lisvane, said, but here and now we have an opportunity to get this issue right between regulation and determination. Any technical issues that might flow from that were amply addressed by the noble Lord. I commend the amendment to the House as a practical and sensible way to address a continuing strand of debate throughout the whole passage of the Bill.

Viscount Eccles (Con): My Lords, some years ago, I was a member of the Delegated Powers Committee. Determinations are almost always undesirable. They are arrived at and presented as an option of last resort because, as the noble Lord, Lord Lisvane, said, the matter being considered has become very complicated and detailed. Determinations are a sort of escape clause, as I see it. In a parliamentary democracy, they are inherently undesirable, and I therefore support the amendment.

Lord Beecham: My Lords, the House is indeed fortunate to have such an expert in parliamentary procedure as the noble Lord, Lord Lisvane. I have listened to him and learned a great deal in a very short time; I am sure that other noble Lords will feel the same. It is interesting that the noble Viscount, Lord Eccles, has effectively confirmed that he approves the noble Lord's approach to dealing with these matters. Otherwise, Parliament in effect will be being asked once again to sign a blank cheque covering matters of considerable importance and complexity which will simply proceed under ministerial fiat. That cannot be healthy, given the nature and importance of the topic we are discussing.

I hope that the Minister, who has today written to some Members of the House about aspects of this matter—I am sure that the document will be in the Library as well, although somewhat belatedly—will acknowledge that the noble Lord has made a very powerful case for adopting a more conventional procedure than that of delegating determinative powers which will be exercised without any oversight at all. Nothing in what the noble Lord suggested would substantially obstruct the carrying out of the Government's policy; they would just have to explain and seek parliamentary approval in what is, after all, a pretty normal way. I hope that the Government will react positively to the amendment. If, having regard to apparently moving circumstances as reflected in her letter, the noble Baroness is unable to accept the amendment today, if she could undertake to come back on it at Third Reading, that might suffice. Otherwise, I suspect that the noble Lord will be tempted to test the opinion of the House. In that event, the Opposition will certainly support him.

Baroness Gardner of Parkes (Con): My Lords, I, too, have served on the Delegated Powers and Regulatory Reform Committee for at least two sessions of three years each. What concerns me is the word "regulations". Does it mean that this will be another regulation that will come to us in a pre-formed state and we will not have any opportunity to consider its implications? I find it very worrying that we are doing more and more by secondary legislation and less by primary legislation, and I should like the Minister to cover that point in her reply.

Lord Hope of Craighead (CB): My point refers more to what the noble Lord, Lord Beecham, said, although I very much sympathise with what has just been said, because I have been criticising the use of Henry VIII clauses, among other things. I am instinctively resistant to the idea of too many regulations, but there are occasions when a ministerial determination may be more protected if it has parliamentary approval—I am thinking of the risk of judicial review. I do not know enough about the field that we are dealing with to see how real the danger is, but it might be worth the Minister considering whether that element of protection would be of value. There is no doubt that, if it comes in the form of regulation, no judge will question its authority or consider whether it is proportionate or whatever else it is, whereas a determination by a Minister is open to review. It is a point that is worth considering, if the Minister is considering the issue at all, as one of the factors that it would be worth our bringing into play to decide whether it would be right to accept the amendment being proposed.

4.45 pm

Lord Deben (Con): I am sure my noble friend has noted during our debates that there is an undercurrent of concern about the question of secondary legislation and regulation, and the difficulty that this House has in carrying out its constitutional responsibility to be, in detail, the House that seeks to ensure that legislation is as it ought to be and performs the purpose for which it is designed. In considering this particular occasion, would my noble friend accept that we need, one way

[LORD DEBEN]
or another, to allay that concern and fear? My noble friend Lady Gardner was careful in her choice of words, but we should all recognise that unhappiness and that perhaps this is one occasion on which it might be allayed.

The Parliamentary Under-Secretary of State, Department for Communities and Local Government (Baroness Williams of Trafford) (Con): My Lords, first, I welcome the noble Lord, Lord Lisvane, to his first outing on the Housing and Planning Bill and pay tribute to his constitutional expertise in the other place, which he now brings to this House. It may help him if I say that I have listened very carefully to what he and other noble Lords have said on whether regulations on the definition of "high value" should be made under affirmative resolution. I also pay tribute to him for his work on the Delegated Powers and Regulatory Reform Committee. As a direct result of the committee's work, I have considered further its point about delegated powers in this chapter. I shall go into a bit more detail in a few moments, but I believe that the House should have the opportunity to scrutinise the detail before the regulations come into force, so I shall return to this at Third Reading.

On the specific amendments tabled by the noble Lords, Lord Lisvane, Lord Kerslake and Lord Beecham, I understand that Amendments 53 and 132 reflect the recommendations made by the DPRRC in its report on Parts 1 to 5 of the Bill, published on 5 February. As I have announced, we will bring forward an amendment to make the high-value regulations affirmative. I shall focus on Amendment 53 and the corresponding part of Amendment 132, which would require determinations to be made through regulations and, under certain circumstances, subject to the affirmative procedure. I know that the noble Lord, Lord Lisvane, is a member of the DPRRC and will have seen my letter of 23 March to my noble friend Lady Fookes, the chairman of that committee, where I set out the reasons why we considered that we should not accept the recommendation to put the determination into regulations. If the noble Lord will forgive me, for the benefit of your Lordships' House, I shall now repeat some of my reasoning here.

Our view is that the determination is the most appropriate way of setting out the information of what payment a local authority will make to the Secretary of State. The key elements of the calculation are set out in the Bill, including the housing to be taken into account and the definition of vacancy. Other elements, such as the definition of high value and the types of properties which are to be excluded will be set out in regulations and therefore subject to further parliamentary scrutiny. Indeed, my announcement that the definition of high value is to be made through an affirmative procedure has, I hope, demonstrated my willingness to listen to the House. As I explained in my response to the committee, we also think that the nature and amount of information contained in the determination means that it is appropriate to use a determination rather than a statutory instrument. The determination will contain the formula, the underlying assumptions and the payment for each authority, as the noble Lord pointed out, but it will also include the figures to determine the payments for each of the 165 local authorities, including, among other things, each authority's vacancy rate, the number of its high-value properties and the level of its attributable debt.

Such a large and complex set of data creates the potential for errors to creep in, which will be noticed only by the relevant local authority. We therefore want to ensure that there is flexibility to amend the determination very quickly to correct any such errors. We of course welcome scrutiny of the formula and other elements of the determination. That is why Clause 69(2) requires the Government to consult all affected authorities, the LGA and relevant professional bodies before making a determination. On this basis, and with the amendment that I have announced on high-value regulations, I urge the noble Lord to withdraw the amendment.

Lord Lisvane: My Lords, I am extremely grateful to the Minister. With her customary diplomacy and courtesy, she has given us about a quarter of a loaf. It may tend towards a third of a loaf, but not more than that. In effect, she has accepted the second element of Amendment 132. However, the issue of the determination being in regulations subject to parliamentary approval is serious. I was much fortified by the remark of the noble and learned Lord, Lord Hope of Craighead, who has immense experience and knowledge, about the possibility of protecting what was done from judicial review in a way that would happen if there were parliamentary approval. I hope the Minister will acquit me of any churlishness, but the remaining elements of Amendments 53 and 132 are important enough for us to test the opinion of the House on Amendment 53.

4.52 pm

Division on Amendment 53

Contents 279; Not-Contents 203.

Amendment 53 agreed.

Division No. 1

CONTENTS

Aberdare, L.
Adams of Craigielea, B.
Addington, L.
Ahmed, L.
Alderdice, L.
Allan of Hallam, L.
Alli, L.
Alton of Liverpool, L.
Anderson of Swansea, L.
Andrews, B.
Armstrong of Hill Top, B.
Armstrong of Ilminster, L.
Ashdown of Norton-sub-Hamdon, L.
Bakewell, B.
Bakewell of Hardington Mandeville, B.
Barker, B.
Bassam of Brighton, L.
Beecham, L.
Beith, L.
Benjamin, B.
Berkeley, L.
Best, L.
Bird, L.
Blackstone, B.
Blunkett, L.
Boateng, L.
Bonham-Carter of Yarnbury, B.
Boothroyd, B.
Bowles of Berkhamsted, B.
Bradshaw, L.
Brooke of Alverthorpe, L.
Brookman, L.
Brown of Eaton-under-Heywood, L.
Browne of Belmont, L.
Bruce of Bennachie, L.
Burt of Solihull, B.
Cameron of Dillington, L.
Campbell of Pittenweem, L.
Campbell-Savours, L.
Carlile of Berriew, L.
Carter of Coles, L.
Cashman, L.
Chandos, V.
Chidgey, L.
Christopher, L.
Clancarty, E.
Clark of Windermere, L.
Clarke of Hampstead, L.

Clement-Jones, L.
Collins of Highbury, L.
Corston, B.
Cotter, L.
Coussins, B.
Craigavon, V.
Crawley, B.
Cunningham of Felling, L.
Curry of Kirkharle, L.
Davies of Coity, L.
Davies of Oldham, L.
Dean of Thornton-le-Fylde, B.
Dholakia, L.
Donaghy, B.
Doocey, B.
Drake, B.
Dubs, L.
Eames, L.
Eccles, V.
Elder, L.
Elystan-Morgan, L.
Erroll, E.
Evans of Watford, L.
Falkland, V.
Falkner of Margravine, B.
Farrington of Ribbleton, B.
Faulkner of Worcester, L.
Featherstone, B.
Fellowes, L.
Ford, B.
Foster of Bath, L.
Foster of Bishop Auckland, L.
Foulkes of Cumnock, L.
Fox, L.
Gale, B.
Garden of Frognal, B.
Giddens, L.
Glasgow, E.
Glasman, L.
Goddard of Stockport, L.
Golding, B.
Gordon of Strathblane, L.
Goudie, B.
Gould of Potternewton, B.
Grantchester, L.
Greenway, L.
Grender, B.
Grocott, L.
Hain, L.
Hamwee, B.
Hanworth, V.
Harries of Pentregarth, L.
Harris of Haringey, L.
Harris of Richmond, B.
Harrison, L.
Hart of Chilton, L.
Haskel, L.
Haworth, L.
Hayman, B.
Hayter of Kentish Town, B.
Healy of Primrose Hill, B.
Henig, B.
Hennessy of Nympsfield, L.
Hilton of Eggardon, B.
Hollick, L.
Hollis of Heigham, B.
Howarth of Newport, L.
Howe of Idlicote, B.
Howells of St Davids, B.
Howie of Troon, L.
Hoyle, L.
Hughes of Woodside, L.
Hunt of Chesterton, L.
Hunt of Kings Heath, L.
Hussein-Ece, B.
Hutton of Furness, L.
Hylton, L.
Irvine of Lairg, L.
Jay of Paddington, B.
Jolly, B.
Jones, L.
Jones of Cheltenham, L.
Jones of Whitchurch, B.
Jowell, B.
Judd, L.
Kennedy of Southwark, L.
Kennedy of The Shaws, B.
Kerslake, L. [Teller]
King of Bow, B.
Kinnock, L.
Kinnock of Holyhead, B.
Kinnoull, E.
Kirkhill, L.
Kramer, B.
Lawrence of Clarendon, B.
Layard, L.
Lea of Crondall, L.
Lester of Herne Hill, L.
Liddle, L.
Lipsey, L.
Lister of Burtersett, B.
Listowel, E.
Lisvane, L. [Teller]
Livermore, L.
Lloyd-Webber, L.
Loomba, L.
Low of Dalston, L.
Lytton, E.
McAvoy, L.
McDonagh, B.
Macdonald of Tradeston, L.
McFall of Alcluith, L.
McIntosh of Hudnall, B.
McKenzie of Luton, L.
Maclennan of Rogart, L.
McNally, L.
Maddock, B.
Mallalieu, B.
Manzoor, B.
Marks of Henley-on-Thames, L.
Masham of Ilton, B.
Massey of Darwen, B.
Maxton, L.
Meacher, B.
Mendelsohn, L.
Mitchell, L.
Moonie, L.
Morris of Yardley, B.
Murphy of Torfaen, L.
Neuberger, B.
Newby, L.
Nicholson of Winterbourne, B.
Northover, B.
Nye, B.
Oates, L.
O'Neill of Bengarve, B.
Ouseley, L.
Oxford and Asquith, E.
Paddick, L.
Palmer, L.
Palmer of Childs Hill, L.
Parekh, L.
Parminter, B.
Pendry, L.
Pinnock, B.
Pitkeathley, B.
Ponsonby of Shulbrede, L.
Primarolo, B.
Prosser, B.
Purvis of Tweed, L.
Quirk, L.
Radice, L.
Randerson, B.
Razzall, L.
Rea, L.
Rebuck, B.
Reid of Cardowan, L.
Richard, L.
Roberts of Llandudno, L.
Rodgers of Quarry Bank, L.
Rooker, L.
Rosser, L.
Rowlands, L.
Royall of Blaisdon, B.
St Albans, Bp.
Sandwich, E.
Sawyer, L.
Scott of Needham Market, B.
Scriven, L.
Sharkey, L.
Sharp of Guildford, B.
Sheehan, B.
Sherlock, B.
Shipley, L.
Shutt of Greetland, L.
Simon, V.
Smith of Basildon, B.
Smith of Clifton, L.
Smith of Newnham, B.
Snape, L.
Soley, L.
Somerset, D.
Steel of Aikwood, L.
Stephen, L.
Stevenson of Balmacara, L.
Stoddart of Swindon, L.
Stoneham of Droxford, L.
Strasburger, L.
Stunell, L.
Sutherland of Houndwood, L.
Suttie, B.
Taverne, L.
Taylor of Blackburn, L.
Taylor of Bolton, B.
Temple-Morris, L.
Teverson, L.
Thomas of Winchester, B.
Thornhill, B.
Thornton, B.
Thurlow, L.
Tomlinson, L.
Tonge, B.
Tope, L.
Touhig, L.
Trees, L.
Triesman, L.
Truscott, L.
Tunnicliffe, L.
Turnberg, L.
Tyler, L.
Tyler of Enfield, B.
Uddin, B.
Wall of New Barnet, B.
Wallace of Saltaire, L.
Wallace of Tankerness, L.
Walmsley, B.
Walpole, L.
Warwick of Undercliffe, B.
Watson of Invergowrie, L.
Watts, L.
West of Spithead, L.
Wheeler, B.
Whitaker, B.
Whitty, L.
Willis of Knaresborough, L.
Winston, L.
Wood of Anfield, L.
Woolmer of Leeds, L.
Wrigglesworth, L.
Young of Hornsey, B.
Young of Old Scone, B.

NOT CONTENTS

Ahmad of Wimbledon, L.
Altmann, B.
Anelay of St Johns, B.
Arbuthnot of Edrom, L.
Arran, E.
Ashton of Hyde, L.
Astor of Hever, L.
Attlee, E.
Balfe, L.
Berridge, B.
Black of Brentwood, L.
Blencathra, L.
Borwick, L.
Bottomley of Nettlestone, B.
Bourne of Aberystwyth, L.
Bowness, L.
Brabazon of Tara, L.
Bridgeman, V.
Bridges of Headley, L.
Brougham and Vaux, L.
Browning, B.
Byford, B.
Callanan, L.
Carrington of Fulham, L.
Cathcart, E.
Cavendish of Furness, L.
Chadlington, L.
Chisholm of Owlpen, B.
Colwyn, L.
Cooper of Windrush, L.
Cope of Berkeley, L.
Courtown, E.
Craig of Radley, L.
Crathorne, L.
De Mauley, L.
Dear, L.
Deben, L.
Deighton, L.
Denham, L.
Dixon-Smith, L.
Dobbs, L.
Dundee, E.
Dunlop, L.
Eaton, B.
Eccles of Moulton, B.
Elton, L.
Empey, L.
Evans of Bowes Park, B.
Fairfax of Cameron, L.
Fall, B.
Farmer, L.
Faulks, L.
Feldman of Elstree, L.
Fellowes of West Stafford, L.
Fink, L.
Finkelstein, L.
Finn, B.
Flight, L.
Fookes, B.
Forsyth of Drumlean, L.
Fowler, L.
Framlingham, L.
Freeman, L.
Freud, L.
Gardiner of Kimble, L. [Teller]
Gardner of Parkes, B.
Garel-Jones, L.
Geddes, L.
Gilbert of Panteg, L.
Glenarthur, L.
Glendonbrook, L.

Glentoran, L.
Gold, L.
Grade of Yarmouth, L.
Griffiths of Fforestfach, L.
Hailsham, V.
Hamilton of Epsom, L.
Harding of Winscombe, B.
Harris of Peckham, L.
Hayward, L.
Helic, B.
Henley, L.
Heyhoe Flint, B.
Higgins, L.
Hodgson of Abinger, B.
Hodgson of Astley Abbotts, L.
Holmes of Richmond, L.
Home, E.
Hooper, B.
Horam, L.
Howard of Rising, L.
Howe, E.
Howell of Guildford, L.
Hunt of Wirral, L.
Inglewood, L.
James of Blackheath, L.
Jenkin of Kennington, B.
Jopling, L.
Kakkar, L.
Keen of Elie, L.
Kilclooney, L.
King of Bridgwater, L.
Kirkham, L.
Laird, L.
Lang of Monkton, L.
Lansley, L.
Lawson of Blaby, L.
Leach of Fairford, L.
Leigh of Hurley, L.
Lexden, L.
Lindsay, E.
Lingfield, L.
Liverpool, E.
Livingston of Parkhead, L.
Lothian, M.
Lupton, L.
Lyell, L.
McColl of Dulwich, L.
MacGregor of Pulham Market, L.
McGregor-Smith, B.
Mackay of Clashfern, L.
Magan of Castletown, L.
Maginnis of Drumglass, L.
Mancroft, L.
Marland, L.
Marlesford, L.
Maude of Horsham, L.
Mawhinney, L.
Mobarik, B.
Montrose, D.
Morris of Bolton, B.
Moynihan, L.
Naseby, L.
Nash, L.
Neville-Jones, B.
Neville-Rolfe, B.
Noakes, B.
Northbrook, L.
Norton of Louth, L.
O'Cathain, B.
Oppenheim-Barnes, B.
O'Shaughnessy, L.
Patel, L.
Patten, L.
Perry of Southwark, B.
Pidding, B.
Polak, L.
Popat, L.
Porter of Spalding, L.
Price, L.
Prior of Brampton, L.
Rawlings, B.
Redfern, B.
Risby, L.
Robathan, L.
Rock, B.
Rogan, L.
Rogers of Riverside, L.
Rowe-Beddoe, L.
Ryder of Wensum, L.
Sanderson of Bowden, L.
Scott of Bybrook, B.
Seccombe, B.
Selborne, E.
Selkirk of Douglas, L.
Selsdon, L.
Shackleton of Belgravia, B.
Sheikh, L.
Shephard of Northwold, B.
Sherbourne of Didsbury, L.
Shields, B.
Shinkwin, L.
Shrewsbury, E.
Slim, V.
Smith of Hindhead, L.
Stedman-Scott, B.
Sterling of Plaistow, L.
Stowell of Beeston, B.
Strathclyde, L.
Stroud, B.
Suri, L.
Tanlaw, L.
Taylor of Holbeach, L. [Teller]
Tebbit, L.
Trefgarne, L.
Trenchard, V.
Trimble, L.
True, L.
Tugendhat, L.
Ullswater, V.
Verma, B.
Wakeham, L.
Waldegrave of North Hill, L.
Warsi, B.
Wasserman, L.
Wellington, D.
Wheatcroft, B.
Whitby, L.
Wilcox, B.
Williams of Trafford, B.
Wolfson of Aspley Guise, L.
Young of Cookham, L.
Younger of Leckie, V.

5.06 pm

Amendment 54

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

54: Clause 67, page 30, line 9, leave out "high" and insert "higher"

Baroness Williams of Trafford: My Lords, many of your Lordships have spoken passionately both here in the Chamber and to me in private about how we plan to implement the manifesto commitment to pay for the voluntary right-to-buy agreement through the sale of high-value assets.

The role of your Lordships' House is to revise and to improve, to make sure that we consider how our policies affect not just those in London but those in communities across the country, and to bring to our attention the questions raised by community groups and housing associations. Noble Lords often spend time declaring their interests as members of local authorities and of the boards of housing associations, and those interests mean that the Bill is scrutinised by those directly affected. I have met many noble Lords since we introduced the Bill and I have been struck by many of the arguments eloquently made at Second Reading and in Committee. Indeed, I have been struck by the level of expertise across this House. Earlier today I sent noble Lords a letter which set out how those arguments have shaped our thinking. I have placed a copy of that in the Printed Paper Office and the Library, and I hope that most noble Lords have got hold of it.

If I may, I would like to set out my thinking on the level of detail in the Bill and the ability of your Lordships' House to scrutinise how the sale of high-value vacant housing will work in practice. What constitutes "high" or "higher", to which I will return in a moment, is a matter which, upon reflection, I agree that Parliament should consider and approve before regulations come into force—the arguments here have been persuasive. Later today we will debate whether to remove clauses from the Bill altogether. I hope that affirmative regulations will give assurances that noble Lords will get to see and approve the details.

I know that some noble Lords will argue, as the noble Lord, Lord Beecham, did on his blog yesterday, that regulations cannot be changed. However, I would say that this debate, alongside other conversations that we can have outside it in the coming months, will help ensure that we get them right the first time. We have the best of both worlds here: Parliament approving the detail and your Lordships sending an improved clause implementing a manifesto commitment back to the other place.

At the heart of this policy is a desire to build more homes that meet the needs of local communities. I am clear that we should be building at least one new affordable home for each dwelling that is sold. That has always been our policy, and it is a point that has been reinforced by compelling arguments made by noble Lords from across the Chamber. I would like to consider further how best we can reflect this in the Bill.

What has also come across strongly in our debates has been the valuable point that different areas have very different needs. This is a statement of the obvious. Noble Lords such as the noble Lord, Lord Kerslake, have argued that local communities led by local authorities are best placed to set out those needs. He has pointed out a number of times that this is a Government who champion localism. I want to make sure that this policy both reflects the diversity of housing markets

nationwide and respects the views of local people and local leaders. There is a powerful argument, therefore, about the important role of local authorities in making the case for the right balance of housing in their area and the importance of government taking that into account when making agreements to deliver new homes. I say from the outset that that is something that I will consider reflecting on the face of the Bill at a later stage.

A strong case has also been made for looking carefully at the potential impact of the clauses in rural areas where the pressure on housing is exceptionally high. I shall go into more detail later on, but I intend explicitly to state in regulations that homes in areas of outstanding natural beauty and national parks are excluded and are not to be taken into account when calculating authorities' payments. I hope that this is a helpful frame for our debate today.

I wrote last week to give some background on what I am about to move, but I am aware that noble Lords raised their eyebrows at the thought of an amendment which would change "high" to "higher". I hope that I can provide some reassurance. The change is a direct result of concerns expressed in your Lordships' House about the potential impact of these clauses in areas of very high housing pressure, where a very high proportion of local authority homes can be considered as "high value" under the current definition. I shall go into further detail on that later, but for now turn to the amendments that we are about to debate.

I am grateful to noble Lords who contributed in Committee, because the Bill has a central role in delivering the Government's housing objectives and the commitments that we made on home ownership which formed a significant part of our manifesto. It has the potential to improve the lives of hundreds of thousands of citizens, more than 85% of whom have home ownership as an aspiration. It is important that we work together to make this legislation as good as possible, and I am grateful to noble Lords for their careful contributions.

Later, we will discuss other important amendments, including the amendment on one-for-one replacements, but I want to speak now to government Amendments 54, 57, 58, 59, 60, 61 67, 69, 70 and 71, which replace all the references to "high value" throughout Chapter 2 of Part 4 with "higher value". In Committee, noble Lords, including the noble Lords, Lord Best and Lord Kerslake, voiced their concern about the impact in some areas of setting the threshold for high-value properties on a regional or national basis. As the noble Lord, Lord Tope, pointed out, even within London there is a huge variance in property values, with outer London boroughs such as Sutton, Barking and Dagenham having very different housing markets from those in inner boroughs such as Westminster, Kensington and Chelsea, Camden and Islington. The point was echoed by my noble friend Lord Carrington. Other noble Lords have cited concerns about the possible impact of the policy in London, as well as in other areas of high housing demand where there is a significant concentration of high-value properties.

I have listened carefully to all the points that noble Lords made in Committee, just as Members did in the other place. In addition, there have been many fruitful discussions outside the Chamber between the noble Lords, Lord Best and Lord Kerslake, myself, the Minister for Housing and Planning, and the Secretary of State. In response, we have reflected carefully on the "high value" definition and how it could be applied in practice. The effect of the provisions in their current form is to require a definition of high-value housing which relates to wider housing market values. As I have said, those values vary hugely, even within quite small areas.

We recognise that in areas of highest housing pressure, such as the inner London boroughs, the provisions could apply to a high number of dwellings. If we choose to look at high value for each region, the same issue would apply to those areas within a region which experience a high level of housing demand in comparison with their neighbours. For example, places such as Harrogate, Oxford and Cambridge could all have a high proportion of their stock defined as high value.

5.15 pm

We have therefore brought forward a significant amendment to redefine "high value" as "higher value"—a small linguistic change but one with profound legislative impact. I hope that these amendments will reassure those noble Lords who have expressed concern that some authorities could have all their housing stock defined as high value. The amendments are intrinsically linked to furthering our commitments on the one-for-one and for a package to deliver the homes that we all agree we need.

By making this change to the definition we could set a threshold for a local authority as a proportion of that local authority's housing stock which would define "higher value" in an authority-specific manner. In this way, "higher value" could be defined in relation to a local authority's own homes. For example, within an inner London borough only a proportion of its homes could be defined as higher value, even if all houses of any type in the borough were objectively high value when compared with national or regional house prices. Again, I hope that these amendments will reassure noble Lords who expressed concern that some authorities could have all their housing stock defined as high value.

Amendment 60 would make express provision to ensure that "higher value" represented a localist approach, as it could be defined differently for different local authorities and different types of housing, as well as for different geographical areas, as is currently provided for in Clause 67(9). Linked to this, Amendment 61 gives the Secretary of State the ability to define higher value by using any class of housing as a comparator and makes clear that other appropriate factors may be taken into account when setting that definition.

Amendment 66 involves a minor drafting change. It makes no changes of substance but simply provides greater clarity to the provisions dealing with agreements. Government Amendments 58 and 71 are small drafting changes which clarify that this higher value definition is in relation to housing. These amendments, if accepted, will enable the Government to define higher value in regulations in the best way possible having carefully considered local authority data.

[Baroness Williams of Trafford]

As I have previously committed to your Lordships' House, we will publish the data we have collected, which will help noble Lords, local authorities and any other interested parties to understand the decisions that are taken. As I confirmed earlier in the debate, we will be making the higher value regulations affirmative, which will provide this House and the other place with additional assurances about how we intend to use these powers. I beg to move.

Lord Foster of Bath (LD): My Lords, Amendment 61A seeks to leave out Clause 67. However, before I speak to it, I thank the Minister for demonstrating once again her willingness to listen to the views of noble Lords on all sides of the House. I thank her for the amendments she has just brought forward. As she acknowledged, they are small amendments but will have a profound effect. However, I have continued grave concerns about many aspects of Clause 67, which is why I have brought forward this amendment.

As noble Lords are aware, under the clause councils that have high-value—or, now, higher-value—properties will be required to sell them and hand over at least some of the receipts. If they choose not to sell them, they will still have to hand over a formula-based sum of money to the Secretary of State. The money accrued from this mechanism will be used to fund replacement council homes, the right-to-buy discount for housing association properties and the brownfield regeneration fund.

This will have a huge impact on councils that did not choose to transfer their council houses to housing associations through the large-scale voluntary transfer procedure. The 165 affected councils are the ones that believe that they are best placed to manage their housing stock for the benefit of their local residents, and although in later groupings we will discuss a variety of proposals to mitigate the impact of Clause 67, we on these Benches believe that it is entirely wrong for government policy to be funded by imposing such a huge burden on a limited number of councils, and we are not alone in that view. In its report published just two months ago, the all-party CLG Committee in another place states that,

"we believe in the principle that public policy should usually be funded by central government rather than through a levy on local authorities, especially as the impact of this levy will fall only on some local authorities, yet will be applied nationally".

That last point is important. The Minister, Brandon Lewis, made it clear when he was giving evidence to the committee that this would be a national scheme and that the income from council house sales would not be ring-fenced locally. To quote the noble Lord, Lord Best, in a different context, it is a further example of robbing Peter to pay Paul.

There are many reasons why I believe that your Lordships' House should be extremely wary about allowing Clause 67 to remain in the Bill, and I have no doubt that they will be discussed in great detail later when we discuss amendments in other groupings. There are issues around, for example, the Government's complete failure—a little has been given today, and I welcome that—or their significant failure to provide any detail of how the proposals will work. We do not yet have a definition of "high or higher value", and it is interesting to note that the indicative figures that appeared before the general election have now been removed from the Conservative Party's website. Again, that is a little bit of progress, which I welcome.

We do not know which circumstances will determine whether a high-value property is deemed vacant. We have not seen the draft regulations in relation to the method of calculating the payment that councils must make to the Secretary of State. We do not know if the calculation will take into account regional and area variations in property prices. We do not know what deductions will be permitted and what exceptions will be made. We do not know how councils in areas where suitable land is scarce are expected to build replacement homes. The Government cannot even provide any estimate of the likely income from the scheme or the amount they need to receive to fund their policies. When asked by the Commons CLG Committee how much income it was anticipated would be needed to cover right-to-buy discounts, building replacement homes and brownfield regeneration funds, the Minister, Brandon Lewis, replied:

"I am not at the moment in a position to give you those kinds of figures".

Perhaps the noble Baroness the Minister, two months further down the track, is in a better position than her colleague to tell us how much the Government expect is needed to fulfil their policies. Further, perhaps she can explain to us something that Brandon Lewis was unable to do: how right-to-buy discounts will be funded if and when the funding source, which is the sale of high-value or higher-value local authority homes, dries up. Are we to be in a situation where the replacement houses for those which councils are forced to sell are themselves required to be put up for sale immediately after the first tenants move out?

Many questions are unanswered and will remain so before the Bill leaves your Lordships' House. They should have been answered at a much earlier stage in our deliberations. My central contention is that there may well be a case for the sale of high-value and higher-value council homes to meet our housing shortfall, but in the words of the CLG Committee:

"Local authorities are best placed to understand their communities and know where specific pressures exist, and they must have the ability to act in the interests of their residents".

Earlier today the Minister sent a letter, to which she has referred. It came out at 2.54 this afternoon. In it, she writes, very encouragingly:

"Reflecting this diversity and respecting the views of local people and local leaders is at the heart of Government's drive for localism".

Surely the best way to support the drive for localism is to drop the imposition and restrictions on local councils in Clause 67. That clause would hinder local authorities from being able to proactively manage their assets. For that reason, I believe that it should be left out of the Bill.

Lord Porter of Spalding (Con): My Lords, I rise to speak to Amendment 54 and the other amendments that would add those two letters, "er", to the word "high" in the clause. Noble Lords will already appreciate my lack of a grasp of the English language, but even I could see how dangerous those two small letters would

have been in the wrong hands. I thank my noble friend the Minister for clarifying the Government's intent to add those and where they will be applied. I ask her to confirm in her closing remarks that this will be used not as an attempt to raise additional income, but as purely a means to spread the burden across more authorities.

Had my noble friend not agreed in the letter she sent earlier and in her remarks on the manifesto commitment that councils would be allowed to retain sufficient receipts to build one-for-one replacement of the same tenure, I would probably have been speaking against these amendments. I should explain to noble Lords why I am prepared to move purely on that basis, and properly in response to the noble Lord, Lord Foster.

In councils such as mine, where we are able to retain sufficient receipts to build a council house out of the sale of a high or higher value, I would probably volunteer to sell all my council houses to anybody who would buy them on the open market, on the basis that the cost of building a replacement unit would probably be about 30% cheaper than the value received on the sale of that unit. I would be quite happy to replace my beautifully maintained 1,600 homes for 1,600 brand new homes in the immediate future, thus doubling the number of affordable homes in my district. On that basis, I earnestly thank the Minister and the Secretary of State in the other place for listening to our proper arguments and the case we made, and for responding appropriately.

Lord Deben: I had not intended to speak in this debate until the noble Lord, Lord Foster, spoke. The House ought to remember that the idea that we cannot do anything here and should leave it to the local authorities to make all these decisions runs up against the problem that we have not built the houses we have needed to build over a long period. The people who have had all these opportunities to do so and who know their localities and their needs so well do not seem to have noticed that the big need in most localities is to build some houses. I am a bit suspicious of the Foster doctrine. The truth is that many local authorities need a kick up the backside on housing. That is obvious and real.

Lord Porter of Spalding: I cannot let that remark go unchallenged. The problem of the housing shortage in this country is not the fault of any local authority; it is the fault of successive Governments of all colours. They have gone out of their way to stifle the ability of local councils to build houses. I am pleased that the current Government and, to some extent, the coalition Government moved towards that. I am pleased that the current Government are fully encouraging local councils to build houses. It is not the councils' fault.

Lord Deben: If my noble friend had let me finish what I had to say he might have found that we rather agreed. I was going on to say that the second lot of people who have not done what they ought to have done in building houses are successive Governments. When I hear some of the speeches from the Front Bench over there, and realise the appalling history of Labour Governments and housing—

Lord Beecham: My Lords—

Lord Deben: I will give way to the noble Lord but I want to tell him a personal fact. When I was the Secretary of State responsible and worked out the lowest number of houses we needed, what did the Labour Party do? It denied that that was the number needed. Indeed, when the noble Lord, Lord Prescott, came in, he reorganised the figures to cover up the fact that I was right; we did need those houses. I do not think that the Labour Party, the Conservative Party or indeed the Liberal Democrats had anything to trumpet about in the past. We now have a Government who are actually trying to do something about it.

Lord Beecham: I do not for a moment disagree that insufficient numbers of houses were built, in particular council houses, under the Labour Government, but the massive investment in the condition of the housing stock under that Government should not be forgotten.

5.30 pm

Lord Deben: I do not think that I was entering into a discussion on how it was spent and where it went—although I could, I do not want to get into that. I just want to say that we should all be ashamed of the fact that, over many years, we have not delivered what we ought to in housing—not council housing: housing. In one of the earliest moments of my political life, I remember listening to Harold Macmillan say that he was going to build houses, and that it did not matter where you built them in terms of the levels, because there were so few that people would move into one and up to another. What you really needed was numbers of houses, and that is what the figure of 300,000 houses a year was about.

Every time anybody produces a way of doing something better, there is always somebody who gets up and sounds like one of my civil servants, saying, "Better not, Minister. It might go wrong, something might be wrong". It is about time we said, "Let's try to make this work". There are lots of things about this Bill that I am not happy about, particularly not knowing the regulations in advance. That is a constitutional issue, not a housing issue, but we have to give the Government the chance to do something, given that no one has a good argument to say that they have come up with anything much better than the radical proposals before us.

Baroness Hollis of Heigham: My Lords, I wonder whether the Minister can help me understand a little more what she proposes with this swap from "high" to "higher". I quite understand that going for "higher" rather than "high" will protect some authorities—largely London, but maybe Oxford, Cambridge, Winchester and so on—from seeing most of their stock disappear because, on the national level, they have a "disproportionate" number of high-value properties. We all understand what "higher" means: possibly the top decile or the top 20% of house prices in this country. Obviously, they would then respond to a redistribution across the country, which the Minister, if she wished, could control by having local, district, regional or county controls on that redistribution.

[Baroness Hollis of Heigham]

I have a worry, which I hope the Minister can allay, that "higher" will be anything above the median, which effectively means that every local authority in the country will have some high-value stock above the median and some lower-value stock below the median, even though that area may be very poor. Does this mean that the Minister and her officials will determine for each local authority what proportion of housing it must be expected to sell because it is higher than the median? We can tell her now that that will be some 49% in Oldham or Great Yarmouth.

I can see why the Minister is trying to move away from a situation where she redistributes from a few very high-value authorities across the country, but she can address that issue by containing the area within which that redistribution occurs. Instead, by going for "higher", at the moment, based on my understanding of the English language, she opens up the potential for every local authority to lose up to 49% of its stock because it is "higher"—not "high", but "higher"—and therefore above the median. That would be utterly perverse.

Lord Campbell-Savours (Lab): I follow that point with a very brief intervention. Does it mean that a local authority will be told by the Government what percentage of its stock should be sold off—in other words, that there will be a target cap beyond which there is no expectation, but below which the local authority will be allowed to sell up to that cap? In other words, Westminster might be told that 60% of its stock is the cap, Camden might be told 50%, or Cambridge 20%. Is that how this will work in practice?

Lord Lansley: My Lords, in making a brief contribution, I remind the House of my interest as chair of the Cambridgeshire Development Forum. In that context I will refer specifically to Cambridge. There was a concern in Cambridge that, if there was to be a definition of "high value" by means of comparison across the country as a whole, a very high proportion of the properties in Cambridge and South Cambridgeshire in particular would be likely to be treated as "high value". I very much welcome the amendments that my noble friend the Minister has tabled in this group. They will enable the calculations to be undertaken and the agreement to be reached for a determination in each authority, taking account of all individual circumstances.

Of course, the measure is not mechanistic. Trying to argue that "higher" becomes mechanistic is simply trying to introduce rigidity where that is not necessary. The provision as amended would allow a determination to be made in relation to each authority, specific categories of housing or different comparators. It is deliberately flexible. I listened to the noble Lord, Lord Foster, on all the questions that he said need to be answered in order to proceed. But the point is that if one began to answer all those questions, one would take away from the Government and local authorities, working together, any flexibility to adapt to individual circumstances. In doing so, his proposed Amendment 61A—I cannot find it on the Marshalled List but I interpret from his remarks that it would leave out Clause 67—would take away the opportunity to realise value from the stock of higher-value housing and unlock new build for affordable housing in local authorities, support the right to buy and, by extension through the right to buy in housing associations, offer the additional opportunities for them to undertake new building.

A Select Committee in another place might well think that everything the Government want to do must be funded out of some taxpayer subsidy but the reality is, as we all know, that there is no such magic money tree that we can continue to shake to deliver all the objectives we want. I entirely agree with my noble friend Lord Deben that we want to build more houses. Frankly, realising value out of the higher-value housing stock that becomes vacant in local authorities is precisely the mechanism for this. That realised value can then be deployed with a multiplier effect to enable local authorities and housing associations, as a result, to build more houses. I thoroughly support that.

Lord Shipley: My Lords, before the Minister replies, I would like to be really clear about what is being said—in part, following what the noble Lord, Lord Porter, said a little while ago. I understand from what the Minister told us that there will be a further amendment at Third Reading on the matter of high-value homes. I would appreciate confirmation of that when she replies. Will the Government leave with local authorities enough money from the sale of higher-value homes to build replacement homes? That is what I heard the noble Lord, Lord Porter, say but that is not explicitly stated in the letter we received just before 3 o'clock this afternoon. I would just like to be really clear about that one-for-one replacement. One of our concerns in Committee was that there was to be a two-for-one replacement in London but not—in the Bill—a one-for-one replacement in the rest of England. I think the House would find it helpful to know exactly what the Government propose here.

Lord True (Con): My Lords, I will briefly intervene as a member of the London Councils Leaders' Committee. I will not follow my noble friend Lord Deben, who occasionally joins us for our deliberations on this Bill to launch an attack on local authorities. Perhaps he could bring a different 1990s LP next time he comes to us, as we have heard that little speech before.

I am very grateful to my noble friend on the Front Bench and to the Secretary of State. They have listened—I want to address this in a positive way—and are seeking to deal with a very real problem within the context of a clear manifesto commitment. In Committee, we teased out significant issues that needed to be addressed. This is manifest evidence that the Government wish to address some of those problems. The noble Baroness, Lady Hollis, put the worst construction on it and said that 51% or, in some cases, 100% of the relevant property might have to go. In all generosity, I do not think that is what my noble friend intends or is what she said. She said in her letter that she was "clear" that she wished to see,

"at least one new affordable home for each dwelling that is sold".

I accept what she said in writing.

There will still be things that we have to consider as we go forward—for example, whether in some large boroughs the social housing in one ward could be more expensive than that in another ward not too far

away, so a local element will be needed if we are to sustain mixed tenure and mixed communities, which is important. The drafting of the regulations is not a question on which to detain your Lordships today but we could look at the implications of higher value within local authority areas. However, I unequivocally welcome what my noble friend has laid before us and I know that many people in many parts of London—local authority leaders of all parties—also welcome it. I am very grateful to her.

Lord Kennedy of Southwark: My Lords, it is good that we all agree that we should build more homes and have more housing. We often fire at each other the records of previous Governments as regards what Governments are or are not doing, who built the most houses when, and what type of houses were built. I am sure that we will carry on doing that in future debates, but it is good that we all agree that we need to build more houses.

As I have told the House before, I grew up on a council estate in Southwark in south London. I have always been very grateful to the council that gave us a house that was clean, warm, safe and dry. Our family was very happy there and we kids were able to do our homework and not do too badly in the world—I hope. However, I have some concerns when we talk about affordable housing. I want to see more social housing built, such as council housing and housing association housing. I worry sometimes that we get into debates about affordable housing when homes at 80% of the market rate in some parts of London do not seem very affordable to me. That is a worry I have and I will come back to it. I also think that communities, whether in rural areas, small towns or villages or big cities, need homes for people on modest incomes, low incomes or high incomes to live side by side to make sure that our communities work. Whatever side of the House we are on, we should ensure that we work to do that.

Some of the government amendments in this group seek to replace the word "high" with "higher". I am sure the noble Baroness knows that this concept initially caused alarm and that people wondered what was going on. It will be no great surprise to her to hear that some people were a bit suspicious about what the Government were up to and why they wanted to insert the word "higher". So her clarification is very welcome and I thank her very much for it.

Her general comments were also very helpful and useful. As the noble Lord, Lord Porter, outlined, no one knows better than he and his colleagues in South Holland the needs of South Holland—as is the case with my noble friend Lord Beecham in Newcastle, and other noble Lords in relation to their areas. It is important that we ensure that local councils, councillors and council leaders are fully involved in whatever measures we bring forward as they are aware of the needs of their area. It will be helpful to do that at Third Reading. It would also be helpful if the noble Baroness would clarify again what she intends to bring back at Third Reading—but generally I very much welcome her comments.

Baroness Williams of Trafford: My Lords, I thank the noble Lord, Lord Foster, for explaining why he tabled Amendment 61A. I also thank the noble Lords, Lord Kennedy and Lord Beecham, for tabling Amendment 56. While I always respect the views of former Ministers in my department, I will first address the concerns of noble Lords opposite as they are not seeking to remove a manifesto commitment from the Bill.

I turn first to Amendment 56. The changes proposed through this amendment would transfer the onus of defining "high" or "higher" value from the Government on to local authorities. This would lead to local authorities coming up with different methodologies, which would undermine fairness, consistency and transparency. Instead, by using the local authority data that we have collected to set the threshold, we can ensure that a consistent methodology is used to apply the definition across all local authorities. Rather than rushing to set a threshold for higher value, we need to ensure that we fully analyse the 16 million pieces of data that local authorities have provided, so that we set a definition that is fair and equitable. As I have said, the definition will be set out in regulations which will be subject to further parliamentary scrutiny.

5.45 pm

The noble Baroness, Lady Hollis, is worried that the "higher" value will be anything above the median. I want to put on the record that this is not at all the intention. This approach would spread the cost of the policy more widely, as the noble Baroness recognised, but we are still working through the detail. Noble Lords will have a chance to debate the threshold now that we have committed to making the regulations affirmative. One noble Lord—I think it was either the noble Lord, Lord Foster, or the noble Lord, Lord Shipley—asked me to confirm that it will not be used to raise more income. There was some worry in the media and elsewhere that that was the case, but I can confirm absolutely that this is not the case.

Baroness Hollis of Heigham: I would like some clarification on the Minister's answer about the difference between "higher" and "high". If as a result of the Minister setting the percentage at "higher" the property is sold, what is to stop the Government—not necessarily herself; it could be a subsequent Minister—coming back and using the regulations to say that the band below that is now the higher-value property, so that there is a continuous accretion of cuts on local authority stock in order to continue to produce more and more money for housing association discounts?

Baroness Williams of Trafford: I think the noble Baroness will understand, reasonably, that as a Minister I cannot hold the will of future Governments to account at this Dispatch Box. I can set out only what this Government intend to do and I hope she will take it in good faith. I have confirmed that it will not be used to raise additional income.

The noble Lord, Lord Shipley, and other noble Lords have asked what I am bringing back at Third Reading. If noble Lords look ahead to Amendment 64A, I will indicate my intention to return to the issue of one-for-one replacements at Third Reading. I will give more detail on that when we get to that amendment, if noble Lords will indulge me. I am sure we will debate it fully in due course.

[Baroness Williams of Trafford]

A number of noble Lords have made the valid point that not enough houses have been built in this country. I do not think we will get into who it is attributable to this afternoon, but the fact stands: we have not built enough houses and we are now at a critical point. I think all noble Lords will support the intention of producing more houses of different tenures for this country's residents to live in.

I turn to Amendment 61A, which would remove Clause 67 from the Bill. This clause will require councils to make a payment to the Secretary of State that represents an estimate of the market value of a local authority's higher value houses that are expected to become vacant. Needless to say, it is a clause that is vital for us to deliver the policy. I have already explained to your Lordships' House how the payments will work and I will not test your Lordships' patience by repeating myself.

It is right that local authorities should sell their higher-value vacant housing so that value locked up in these properties can be released and used to fund right-to-buy discounts for housing association tenants and to fund the delivery of additional homes. The clause's principles are clear and in line with commitments made in the Government's manifesto. Should this amendment be accepted, I think the other place will be likely to overturn that decision. With this in mind, I hope the noble Lord, Lord Foster of Bath, will feel free to withdraw his amendment.

Lord Shipley: My Lords, before the Minister sits down, may I press her on the letter she issued just before 3 pm today? The letter is about high-value assets and therefore the sale of local authority homes. The statement does not say that those homes, in the form of that tenure, will be replaced one for one. It simply says:

"I am clear that we should be building at least one new affordable home for each dwelling that is sold".

Because a starter home is defined earlier in the Bill as an affordable home, on the sale of a high-value council home that was for rent it could be replaced by a starter home for sale. That is the issue I tried to get at when I followed the comment of the noble Lord, Lord Porter. If I interpreted correctly what he said, he thought that local authorities were to be allowed to keep the money to build a one-for-one replacement. What the Minister is now saying in this letter, as I interpret it, is that starter homes are in fact being counted as an affordable home replacement for the high-value sale, which means that there is a loss to the social rented sector. I heard the Minister say that we will look at this further on Amendment 64A but I hope she understands that there is a major issue of principle here because a number of us in your Lordships' House believe that we have to defend social housing for rent.

Baroness Williams of Trafford: I hope I can reassure the noble Lord. The noble Lord, Lord Kerslake, and I had a discussion about this and I hope he will be reassured when we get to Amendment 64A that we as a Government understand that there are different types of tenure required in different local authorities. The demographics and the need might change and we totally recognise this. That is what I intend to work towards for Third Reading, so I hope noble Lords are reassured by that.

Amendment 54 agreed.

Amendment 55

Moved by ***Baroness Bakewell of Hardington Mandeville***

55: Clause 67, page 30, line 11, at end insert ", such deductions to include the cost of replacing the high value properties in the same area with affordable homes (as defined in the National Planning Policy Framework up until May 2015) on a one-for-one basis"

Baroness Bakewell of Hardington Mandeville: My Lords, I shall also support Amendment 64A in the name of the noble Lord, Lord Kerslake. I realise I am in the way of having the debate about Amendment 64A, on which I hope the Minister wishes to make a statement. However, I will continue.

For the Secretary of State to require local authorities to hand over money on the basis of the number of high or higher-value properties that may become vacant in any given year is, to me, iniquitous. However, I accept that a formula has been agreed with local authorities, which will be based on the assumed number of high or higher-value properties that will become vacant in any given year. In whichever way the formula is calculated, local authorities will be required to pay to the Secretary of State a sum of money that will cover the cost of the 20% discount on the starter homes and the right-to-buy scheme. In the current economic climate, local authorities do not have spare capital at their disposal and have never done so. They are particularly good at making every pound count for the benefit of their residents. The vast majority will therefore have to sell assets of some sort to fund the Government's levy. The sale of capital assets involves costs and it is only logical for local authorities not to be out of pocket as a result of this measure.

Amendment 55 would allow local authorities to replace on a one-for-one basis with affordable homes in the same area. I refer your Lordships to the Conservatives' press release of 14 April 2015, which gave details of how the right to buy will be funded. We have had discussions about this. The sale of high-value council homes is referred to in the last paragraph and I will bore your Lordships by reading it. It said:

"A Conservative government will legislate to require local authorities to manage their housing assets more efficiently, by selling off expensive properties—only when they become vacant—which will then be replaced with normal affordable housing. Local authority properties that rank among the most expensive third of all properties of that type in their area—including private housing—will be sold off and replaced with new affordable housing on a one for one basis. But this will only happen as they fall vacant. Nobody will be forced to move".

I thank the Minister for her amendments so far and look forward to what she has to say further on this issue. In the mean time, I beg to move.

Lord Kerslake: My Lords, I first declare my interests as chair of Peabody and president of the Local Government Association. The purpose of Amendment 64A, which I have tabled, is to do two things. First, it is to put one-for-one replacements in the Bill so this issue is

beyond doubt. Given that this was quite clearly in the manifesto, it seemed right and proper that it should be in the Bill. The second part of the amendment was to give the opportunity for a local authority, where it could demonstrate the need, to put the case to government and seek their agreement for a like-for-like policy—that is, the replacement of a social rented property with a social rented property. So there are two parts to this, which I would call one-for-one and like-for-like. They are drafted very differently to allow for local flexibility and initiative.

As has already been made clear today, the Minister has signalled a willingness to compromise on the issues involved in my amendment. She will say more about this in a minute and I do not wish to steal her thunder but, having had a chance to have an informal conversation with her, I am very grateful to her and the Secretary of State for their willingness to listen genuinely to the concerns of this House and those affected outside, and to respond to these concerns. It reflects well on them both and I am grateful for it.

It is worth rehearsing briefly why this part of the Bill has caused such concern. The first and most significant concern has been that of basic fairness. Local government is being expected to foot the bill for a central government policy: to extend the right to buy to housing associations. This is a central government policy funded by local government. To do this authorities are having to sell off, as we now know, higher-value properties as they become vacant, thus reducing the opportunities for those who are in most need. As the letter to the *Guardian* from the four LGA leaders put it,

"selling council homes will hamper councils' ability to invest in new affordable council housing",

and it is,

"likely to have the unintended consequence of increasing homelessness and pushing more families into the more expensive private rented sector".

That is the view of all the parties in the Local Government Association. In short, those who are better off and have the means to purchase their housing association property will gain a large cash discount. Those on the lowest incomes who are in most need of housing will lose out. That is a basic issue of fairness that cannot be avoided in this proposal.

The second major concern, which we have debated a lot this afternoon, is that the proposal as previously drafted was highly centralised and "one size fits all" in its effect. As we have already heard, we do not have the proposed formula for top-slicing local authority receipts, which will come later. However, as the Minister expressed very well, in some areas there was the prospect under the previous construction that the social housing in those areas would, over time, be effectively wiped out, utterly changing their character and working completely against locally assessed need.

6 pm

I recognise and absolutely accept the Government's intent in the proposed change from "high" to "higher". It will allow more flexibility and a recognition of the diverse and different needs of different areas. To that extent, I welcome it, but of course, as noble Lords have pointed out, the devil will be in the detail and we need to carefully scrutinise that detail when it becomes available.

The third and final concern is a real one about the workability of the proposals. At the most basic level, there has been real doubt whether the sums add up. Indeed, the Chartered Institute of Housing's analysis was that they clearly would not. We also await the Government's response on this issue with interest, although we are, again, unlikely to see it until after the Bill has been passed.

Going beyond funding, there has also been concern about whether it is possible to deliver one for one in practice. The experience from the reinvigorated right-to-buy policy suggests that this is very challenging to achieve. Even if one for one—one new property for each sold—can be delivered, there remains the vital issue we have just rehearsed of like for like and whether we are replacing a social rented property with a social rented property in the same authority or with a different starter home property in a totally different place. These remain big and difficult issues, and it was this issue that I sought to address in my amendment.

I have not rehearsed these issues to reopen the arguments that we had in Committee, particularly when Ministers have signalled a willingness to compromise, but it is important to be clear that, notwithstanding the compromise, considerable and significant questions remain about the policy. Given a choice, I would have much preferred a different approach, involving equity loans to cover the right-to-buy discount rather than a grant. But in the end I recognise that, however flawed I think the policy is, it was in the Conservative Party manifesto—both the offer to the electorate and the mechanism to fund it. It is the role of this House to review and to seek to revise legislation, but it is not the role of this House to block legislation when it is clearly part of a manifesto commitment.

For this reason, I signal my intention to accept the Government's welcome offer and will not press my amendment. In doing that, I emphasise the importance of what comes forward at Third Reading, particularly the need for it to address both the one-for-one and the like-for-like issues—both must be part of the response. I look forward to working with the Minister on this matter between now and Third Reading.

Lord Best (CB): My Lords, I rise to support, briefly, the double-headed Amendment 64A and to comment on the late news delivered by the Minister, of which more may follow, to the effect that the Government have broadly accepted the amendment in the name of the noble Lords, Lord Kerslake and Lord Kennedy, and the noble Baroness, Lady Bakewell.

The key underlying theme of the Bill has been the desire to build more homes and to see a reversal in the decline of owner-occupation, to be accomplished, principally, by building starter homes sold at discounted prices and by enabling housing association tenants to exercise a new right to buy under this part of the Bill. The key underlying objection to both these measures has been that the very substantial cost involved—some £8.6 billion for discounts for those buying starter homes and probably a rather higher sum over the next five years for the discounts to housing association

[LORD BEST]
tenants who buy—is all to come through taking away resources from social housing for poorer households, including by selling the most valuable council houses. This cunning plan to spend billions promoting home ownership without the Government needing to find any new money sadly has unfortunate consequences: ultimately, someone has to bear the cost and that someone is the family in overcrowded accommodation, the elderly person, the household in desperate circumstances who would have got an affordable home to rent but will not now do.

However, damage limitation is possible. This amendment seeks to ensure that where vacant council houses must be sold, before the proceeds are dispatched to central government to pay for discounts elsewhere, funds from the sold homes are used to replace those lost on a one-for-one basis—one new home for every old one sold. The amendment adds that, where appropriate, the replacement should be like for like—a rented family home replaced by a rented family home, not a one-bed starter home. The Minister, thanks to the Secretary of State approaching this issue in a very open and helpful manner, has I think been able, first, to accept that one-for-one replacement should be in the Bill and, secondly, to go a long way to accepting that like-for-like replacement can be agreed wherever the local authority makes a convincing case for it. We need to see the actual wording of the Government's alternative amendment but I hope that, if not tonight then at Third Reading, we will all be sufficiently satisfied with this. If so, I am grateful to the Minister and to Greg Clark, the Secretary of State, for listening to your Lordships and—I think and I hope—for acting accordingly.

Lord Kennedy of Southwark: My Lords, the amendments in this group are concerned with the payments to the Secretary of State and the deductions from those payments of sums of money to build replacement properties on a one-for-one basis. I am supportive of both the amendments in this group. As I said in Committee, the clauses concerning the high-value levy and the sale of high-value council properties are a very damaging mechanism to deliver government policy. They make local councils foot the bill and risk having a devastating effect on council housing stocks. Both these amendments seek to put in the Bill that the payments to government must be made after the deduction of the costs of replacement on a one-for-one basis.

Amendment 64A, in the name of the noble Lord, Lord Kerslake, to which I and the noble Baroness, Lady Bakewell of Hardington Mandeville, signed up, would add a further clause giving the local authority the ability to set out to government what specific types of local housing are needed in their area. Again, this seems to be within the principle of localism and should not really cause the Government any problems at all. I understand we will hear from the Minister that they understand the issue and are sympathetic to the points raised by the amendments. I am very pleased to hear that: it is very positive news and very welcome. I will not say much more than that, but I am delighted that the Minister and other colleagues have listened. Until we see the text of the amendment concerned, we of course reserve our position, and may bring our amendment back at Third Reading, but from what I have heard I am very pleased and I thank her very much.

Baroness Williams of Trafford: My Lords, I thank the noble Lords, Lord Kerslake and Lord Kennedy of Southwark, and the noble Baroness, Lady Bakewell, who have all made powerful arguments about the importance of delivering new homes and meeting the needs of local communities, which is so important.

I agree with the noble Lord, Lord Kerslake, that when government makes agreements with local authorities outside London about building new homes, we should ensure that at least one new affordable home is provided for each old dwelling that is sold. That has always been our intention, but today I am very happy to work to make that intention clear in the Bill. As I said earlier, I would like to consider further how we can best reflect that in the Bill, and I look forward to working with the noble Lord and others on it. The noble Lord makes powerful arguments about the different needs of different areas. Many noble Lords in the House—certainly many of those in the Chamber today—have, at some point or other, represented very different areas with very different needs. Reflecting this diversity and respecting the views of local people and local leaders is at the heart of the Government's drive for localism, as several noble Lords have pointed out. I totally agree that in our dialogue with local communities, local authorities should be empowered to make the case for the right balance of housing in their area, and that there should be a strong expectation that the Government will listen. That is absolutely our intention; indeed, it reflects our broader approach.

The Bill enables dialogue through the provisions of Clause 72, which enables agreements to be made about the delivery of replacement homes. As I said, I am very happy to work with the noble Lord, Lord Kerslake, to give local authorities with particular housing needs in their areas the opportunity to reach bespoke agreements with the Government about the delivery of different types of new homes in their areas.

With those assurances, I hope that the noble Lords, Lord Kerslake and Lord Kennedy, will agree not to press their amendments. I hope that this commitment will also enable the noble Baroness, Lady Bakewell, not to press her amendment, as we bring forward a proposal that ensures the delivery of housing in a way that specifies the cost of replacement, as a deduction to payments would not.

Lord Beecham: Before the Minister sits down, just to clarify, the amendment with which she indicates sympathy and which she will come back to, which is very welcome, is based on the premise that a property will have been sold and the money handed over. However, the Bill provides for payment in advance of the sale of any property, so the Government might have received money but no property has been sold. Will the Minister come back on Third Reading with a position on that? Otherwise, presumably, the money could simply stay in Whitehall; there would be no property to be replaced because no property may have been sold, yet money will have been paid over.

Lord Elton (Con): My Lords, perhaps I may remind your Lordships that we are on Report and interventions of that length are normally granted by leave of the House. I am sure that the House would have granted the leave, but that is normal practice.

Lord Beecham: I apologise if I have performed badly.

Baroness Williams of Trafford: In the spirit of the discussion that we are having, I am very happy to seek clarification on the issue raised by the noble Lord. In fact, we will be working through many issues for Third Reading. I am sure that noble Lords will tell me if I have got it wrong—I am sure that the noble Lord, Lord Kerslake, will.

Baroness Bakewell of Hardington Mandeville: My Lords, I thank the Minister for bringing forward the amendment that we have all been asking for—that there should be one new affordable home for each one that is sold, and that that will be in the Bill—and for responding to the debate in Committee and on Report. I urge her to let us see the detail of it before we get to Third Reading, which I understand will be a fortnight today. I am really pleased that local authorities will be able to make the case for the type of housing that is needed in their area. On that basis, I beg leave to withdraw my amendment.

Amendment 55 withdrawn.

Amendment 56 not moved.

Amendments 57 to 61

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

57: Clause 67, page 30, line 22, leave out "high" and insert "higher"

58: Clause 67, page 30, line 22, after "value"" insert ", in relation to housing,"

59: Clause 67, page 30, line 24, leave out "high" and insert "higher"

60: Clause 67, page 30, line 24, after "for" insert "different kinds of housing, different local housing authorities or"

61: Clause 67, page 30, line 25, at end insert—

"( ) In determining how to define "higher value", in relation to housing, the Secretary of State may—

(a) use any category of housing that the Secretary of State considers appropriate as a comparator (for example, housing in which a local housing authority has an interest or housing in a particular area);

(b) take into account any other factors that the Secretary of State considers appropriate."

Amendments 57 to 61 agreed.

Amendment 61A not moved.

Clause 68: Housing to be taken into account

Amendment 62

Moved by ***Lord Cameron of Dillington***

62: Clause 68, page 30, line 31, at end insert—

"( ) In making a determination under section 67, the Secretary of State must exclude housing in rural areas."

Lord Cameron of Dillington (CB): My Lords, once again, I am very pleased to report that I am aware that, after discussions, as the Minister has already hinted, the Government are minded to accept the case for the amendment, with a view to bringing forward their own at Third Reading, which I hope will go most of the way to catering for the problem that we are trying to resolve—we being me and the noble Lords, Lord Best and Lord Beecham, and the noble Baroness, Lady Bakewell, for whose support for the amendment I am very grateful.

First, let me spell out the problem as I see it. There are two issues. The first is that we are desperately short of affordable housing in rural areas. As has already been said, our rural England affordable housing stock consists of about 8% of overall housing, compared with 19% in urban areas. Our villages need far more affordable housing, not less, if they are to remain as vital, vibrant communities, with all the self-supporting social fabric that many of us have already described in debate on the Bill. We absolutely do not need to be selling one set of rural affordable homes from the public sector to pay for the replacement of mostly urban affordable homes belonging to the charitable sector.

6.15 pm

The second issue is that, in terms of market value and attractiveness, rural council houses will be at the top of the list. They will be the first to go. Equally, they will be at the bottom of the list in terms of their affordability to locals. In my part of the world, very few young families or working locals could afford to buy a village house. That means that most of the houses for sale get snapped up, largely by retiring couples who have sold a house in London on which they paid off the mortgage many years ago, and who are seeking to fulfil their rural dream in retirement. Any legislation involving the compulsory sell-off of rural council houses where no replacement is possible would be one more nail in the coffin of sustainable rural communities. That was the problem.

As we have just heard, the Government are happy that local authorities should have the obligation and the means to replace the high-value council houses that are sold. The trouble with that replacement policy, as we discussed in Committee on the same amendment, is that it is almost impossible to find the necessary sites in many villages, particularly those in national parks or AONBs and their equivalent. So I am pleased that, after discussion, the Government are minded to exclude local authority housing in those special areas from the calculations referred to in Clause 67. The further point that I made to them is that exclusion should not be only for houses in special areas. Even in the ordinary rural village in our universally attractive countryside, it is often hard to find appropriate sites, which is why I have said that, before I can give my agreement to any government Third Reading amendment, it should include villages with a population under 3,000, where the local authority can prove to the Secretary of State that it is impossible to find any alternative site to build a replacement.

Of course there are many villages where a replacement site or even sites will not be hard to find, but where that is impossible, the local authority should be able to

[Lord Cameron of Dillington]
make a case to the Secretary of State and to have him or her acknowledge that those houses should not be included in the Clause 67 calculations. That is the key: we must always refer back to the Clause 67 calculations.

As I have said before, we have so few affordable houses in rural England and such overwhelming need that it is only right that there should be an exemption for rural communities. I am pleased that, in our discussions, the Government have recognised our case. Although we will obviously be carefully scrutinising the exact wording of their amendment before Third Reading, I am very grateful to and thank the Minister and, in particular, the Secretary of State, for their willingness to negotiate on this and for their recognition of the exceptional case we have made. I beg to move.

Lord Best: My Lords, my name is attached to both Amendment 62, in the name of the noble Lord, Lord Cameron of Dillington, which is concerned with the sale of vacant council houses in rural areas and Amendment 63 in the name of the noble Lord, Lord Kennedy of Southwark, which is concerned with the sale of vacant council houses where a tenant transfers from one social housing tenancy to another.

The amendments do not wipe out the Government's intention that more expensive council homes be sold when they become vacant to pay, principally, for discounts to housing association tenants given the right to buy. Although a large number of us in this Chamber remain unhappy about that approach, the amendments are simply about moderating the effects of this policy.

First, in respect of rural areas, it seems that the Government recognise that the remaining, much-depleted stock of council houses in villages deserves special attention in those many localities where it will simply not be possible to replace properties that are sold. Sales of council housing under the right to buy have been roughly twice as high, proportionately, in rural settings than in urban areas. The trouble is that these rural properties in due course are sold on to commuters and retirees, for second homes and holiday cottages. So although it is harder for local people to buy a home in their village than it is for their urban counterparts, because prices are higher and earnings are lower, the amount of affordable housing for rent from councils or housing associations is roughly half the level in rural communities than the national average. It is really important, therefore, to hang on to the precious resource of the remaining council housing in rural areas. Instead of selling the council house that becomes vacant, it is really important that it can be let to a household with a local claim.

I was very pleased that Ministers agreed, on the first day of this Bill's Report stage, to exclude rural exception sites—land for developments specifically to help local people—from the requirement to build starter homes, which would so often be much too expensive for local families. I am equally delighted that Ministers are agreeable in principle to enabling councils to hold on to their remaining housing stock in rural areas when this is clearly essential to meet local needs. Of course, we need to study the small print of the Government's approach to achieving this outcome, but we know—or we believe at any rate, as the noble Lord, Lord Cameron, noted—that housing in national parks and areas of outstanding natural beauty is to be automatically excluded from the pressures to sell council houses, and the Secretary of State will be willing to exclude homes in any rural community when the council can make a case that sold homes cannot be replaced. Accepting these reassurances, I appreciate, involves trusting the Department for Communities and Local Government to use its discretion wisely to act in accordance with this promise. But I guess that we have gone as far as we can reasonably expect in protecting much-needed council housing in our rural communities.

Secondly, on Amendment 63, I think the Minister will be able to put our minds to rest in respect of the requirements on councils to sell vacant homes where tenants are transferring within the stock of council and housing association properties. The problem that we identified earlier was that there are very good reasons to encourage existing tenants to transfer from their current home to another property—for example, for an elderly person to downsize from a family house to a bungalow or sheltered housing flat, making way for a young family; or for a widow to downsize to escape having to pay the dreadful bedroom tax, because she is deemed to have a spare room at present; or for a family to move out of overcrowded premises to somewhere bigger. But since these moves could be said to create a vacancy, it could trigger the requirement to sell a higher-value home to raise funds principally, of course, for the discounts to housing association tenants. What is needed is for vacancies created by transfers to be excluded from the pressures on councils to sell their higher-value vacant homes.

The Minister explained to us in Committee that mutual exchanges will not fall within the scope of the policy. Even though theoretically two vacancies are created when two households swap homes, in reality there are no properties becoming vacant, so this is entirely right. I pressed the Minister, however, also to exclude vacancies created by someone transferring to another home in the social rented sector. I said that I thought that the Minister had indicated that transfers would probably be treated in the same way as exchanges and she responded:

> "I think that the noble Lord is right".—[*Official Report*, 10/3/16; col. 1518.]

We just need confirmation that this is indeed so or we would have the unfortunate, unintended consequence of greatly inhibiting opportunities for tenants to transfer to more suitable accommodation in future.

Lord Beecham: I endorse the noble Lord's last plea, and I think that it is one that the Minister will feel able to agree—or I hope that she will, because it would certainly make a great deal of sense. I very much welcome the Government's more flexible approach to these matters, and congratulate the noble Lord, Lord Cameron, who is doing rather better than his namesake in many respects at the moment, on achieving two substantial concessions from the Government. They are not perfect, perhaps, but go a long way towards meeting the particular requirements of communities that are in many ways very hard-pressed and would undoubtedly have suffered significant difficulties if the Government had stuck to their original proposals. In

that spirit of collaboration, I look forward to the Minister dotting the last "i" and crossing the last "t" in relation to the transfer from one property to another not requiring a sale.

Baroness Bakewell of Hardington Mandeville: My Lords, I support the amendment in the names of the noble Lords, Lord Cameron of Dillington, Lord Best and Lord Beecham, to which I have added my name. We debated rural housing at length in Committee and I remain concerned that we will see a radical change in housing in rural areas as a result of the implementation of this Bill, if it remains unamended. I welcome the comments from the noble Lord, Lord Cameron, with which I completely agree, as well as those of the noble Lords, Lord Best and Lord Beecham.

I have seen and read the Minister's letter—not the one that came today—on this subject, and I am afraid that I do not believe that tenants in rural areas will be disadvantaged in the way that she indicates, or be treated differently from other tenants in more urban areas. I regret to say that it often appears that the Government do not always understand the countryside and rural areas. I have found from personal experience, when working in the Palace of Westminster in the past, that it was often extremely difficult to get people to understand the impact of their policies on residents in Greater London, outside Westminster, and completely hopeless to get any understanding of the impact on those further afield. That is especially true if one lived in an area that was considered as somewhere where one went for a holiday and did not actually live your life there. I therefore fully support the amendment and welcome the assurances from the Minister so far on safeguards and exclusions from rural communities, and I wait to hear what she has to say.

Baroness Hollis of Heigham: I would press the Minister for some help on this. We have not yet had the details of what seems to be proposed in the Minister's reply—and we are on Report, which is very difficult, because we cannot behave as though we were in Committee and press her further for elucidations. So we have difficulties, although obviously we welcome the concessions that she might propose to bring forward. However, as I understand it, local authorities, which know their areas, will have to persuade the DCLG, presumably on a case-by-case basis, not that there should be a one-for-one but there should be a like-for-like. I have no doubt at all that the Minister and her Secretary of State have good intentions and will not seek to use this inappropriately, but why should civil servants recommend to a Minister, who has possibly not even visited a particular county, to tell a local authority that they know better than the local authority whether it is appropriate to have not just a one-for-one but a like-for-like replacement? In the name of localism, are we really going to see local authorities argue with the Secretary of State's officials on a particular property or five properties in a village in some deeper part of the country, whether it be Somerset, Norfolk, Cumbria or wherever? That seems an extraordinary amount of Whitehall power over local government decision-making. I hope that it will be operated in good faith, but what happens when there is a disagreement? The Secretary of State is presumably always not only judge but jury and has the last word in this.

I would have liked to see more confidence expressed in local authorities, perhaps because it is monitored through the local plan—or, alternatively, perhaps the Minister will respond with the proposal that we will have a report back to Parliament two years after the Bill takes effect to see what exactly has been the response of local authorities and to what extent central government has been able to respond positively to local authorities' description and assertion of their local need.

6.30 pm

Baroness Williams of Trafford: I shall start with the noble Baroness's point because I think it probably refers to the previous group in terms of local authorities and agreements with the Secretary of State. The Secretary of State and I, on behalf of the Government, absolutely acknowledge that local authorities know their own local communities. In the spirit of the approach that this House has taken, that is what I am trying to articulate today. Rather than it being central government's suspicion of local government, we are head-on acknowledging that local authorities and local leaders best know the needs of their communities. I know the Secretary of State respects that.

I now move on to Amendments 62 and 63. I thank the noble Lords, Lord Kennedy, Lord Best and Lord Cameron. No, the noble Lord, Lord Kennedy, did not make any points on these amendments. He is so good that I think he has spoken. I have been particularly struck by the points that have been made about housing that is located in national parks and areas of outstanding natural beauty by the noble Lords, Lord Cameron and Lord Best. Greater planning constraints apply in these areas, which would make it more challenging to replace homes that are sold off with new housing. The Government want affordable housing in rural areas to continue to provide for those who need it the most, and in certain cases I agree that we should be clearer about how we can best protect it. Therefore, I hope the noble Lords will be pleased to hear that I am making a commitment—although the noble Lord kind of preceded me—to exclude local authority housing that is located in national parks and areas of outstanding natural beauty from the housing to be taken into account under this chapter. Housing in these areas will be excluded under regulations.

More broadly, throughout the passage of the Bill I have heard many powerful arguments about the need to protect rural housing. Amendment 119, tabled by the noble Lord, Lord Best, the right reverend Prelate the Bishop of St Albans and the noble Baroness, Lady Royall of Blaisdon, who is not in her place, emphasises the need to protect rural areas more widely. I commit to look at the detailed points that have been raised about housing in rural areas during the remainder of the passage of the Bill to consider how we might use existing powers to make further exclusions to ensure that we reach a reasonable balance. I hope noble Lords will agree that these two commitments go a long way to meeting their concerns. In light of these undertakings, I hope the noble Lord, Lord Cameron, will withdraw his amendment.

[Baroness Williams of Trafford]

Turning to Amendment 63, I agree that local authorities should make the best use of housing stock to meet people's needs. This includes transferring tenants to alternative vacant social accommodation when it suits their circumstances—for example, if they are underoccupying or overoccupying a property. That is good stock management. However, I am concerned that Amendment 63 could open the door to local authorities seeking to reduce or minimise their payment. This would mean that there would be a lower level of receipts to build additional homes and fewer housing association tenants would realise their dream of home ownership. That said, I am not in a position to make a decision about whether to exclude transfers from the types of definition of vacancy using the regulation-making powers in Clause 77(2) until we have concluded our data analysis and understood the impact of such an exclusion. I assure noble Lords that we will use the views expressed to help inform decisions regarding situations when housing would not be considered as becoming vacant. With these assurances, I hope the noble Lord, Lord Cameron, will withdraw his amendment.

Lord Cameron of Dillington: I thank all Members of the House who have supported the amendment. I again thank the Minister and, indeed, her Secretary of State for the compromise position that they have offered. I look forward to discussing the details of the government amendment that will be provided at Third Reading. It is quite clear that the process in national parks, AONBs, the Norfolk Broads and other special areas is quite a simple matter to deal with. Housing in communities of fewer than 3,000 people where it is impossible to replace sold housing due to planning regulations, either as spelled out in the *National Planning Policy Framework* or where they have been interpreted by a local plan, will be the key to whether the government amendment will be acceptable. I look forward to the discussion and, in the mean time, I beg leave to withdraw the amendment.

Amendment 62 withdrawn.

Amendment 63 not moved.

Amendment 64 had been withdrawn from the Marshalled List.

Clause 72: Reduction of payment by agreement

Amendment 64A not moved.

Amendment 65 had been withdrawn from the Marshalled List.

Amendment 66

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

66: Clause 72, page 32, line 33, leave out from beginning to the first "to" in line 34 and insert "in the definition of "old dwelling" in subsection (7) the reference"

Amendment 66 agreed.

Clause 73: Set off against repayments under section 67

Amendment 66A not moved.

Clause 74: Duty to consider selling vacant high value housing

Amendment 67

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

67: Clause 74, page 33, line 4, leave out "high" and insert "higher"

Amendment 67 agreed.

Amendment 68

Moved by ***Lord Beecham***

68: Clause 74, page 33, line 5, at end insert—

"( ) A local housing authority which does sell its interest in any high value vacant housing must retain the revenue from the sale and use this to provide replacement affordable housing for rent in the local authority area."

Lord Beecham: My Lords, this amendment would provide that revenue from high-value sales should be retained by the local housing authority rather than be transmitted, as required by the Bill, to the Secretary of State, and should be used to provide replacement affordable housing for rent in the same local authority area.

I shall begin by referring to the position in my local authority, Newcastle, which will be pretty much echoed up and down the country. Shelter conducted an estimate of the number of high-value council properties. Of course, we do not quite know what the definition of "high value" will be, particularly in the light of today's government amendment but, as a working position, it estimated that Newcastle's housing stock, which is something in the low 20,000s, would contain about 1,650 high-value properties. On that basis, and on the Government's approach, it would look as though 82 properties a year might become vacant. I do not know quite what high value in Newcastle would come to, but if it were something over £100,000, at the least we would be looking at something like £10 million a year for several years being paid over to the Government. It might be higher than that, but I do not think it would be much lower. That would be replicated across the country, so the question arises of how this scheme would work and what its impact would be.

I turn for some guidance on that to the impact assessment—so called—which deals with Clauses 67 to 77 on this issue. It defines the problem under consideration as something that will require the Government to "determine high value", about which we have heard something today,

"and a formula which will be used to calculate the payment each stock owning local authority is required to pay".

There is a footnote at the bottom of the page in very small print, which states:

"We are engaging with local authorities and are currently in the process of updating data that will be used to help inform the high value threshold, which will determine how much individual councils will need to pay".

That document was issued in January, and we are now in April. I wonder whether the Minister could give us any indication of how much progress has been made in updating that data and whether and how soon the Government will be able to indicate even a sample of what "high value" would be and how many houses might be affected.

The rationale for intervention is given in the mantra:

"Councils should effectively and efficiently use their resources … it makes sense to sell high value vacant houses to release the value locked up in them".

The document point outs that:

"165 local authorities own a total of around 1.6 million council homes".

Then the impact of the intervention is described:

"The main impact will be on stock holding local authorities as they will be required to make a payment to the Secretary of State based on the value of the high value vacant homes they own. By managing their stock more efficiently, and selling vacant housing",

they can release the value. Of course, it is not just when the property is sold that councils will be required to make a payment; they will be required to do so in advance of any sale, which one might have thought was a somewhat peculiar process.

There is a summary of benefits and costs, and it is a pretty minimal description. The document says:

"Local authorities are not benefitting from their high value vacant assets".

They have already said that in the report. It goes on:

"This policy will release the value of such assets to use in providing more housing",

but without any indication of how much would be released, how much new housing would be provided and what kind of housing that would be. It goes on to say:

"The process also provides some flexibility for local authorities to decide which vacant properties they sell … Data will be used to inform the setting of the high value threshold"—

we await indications of what those data will be—

"and the assumptions underlying the calculations in the determination … The policy requires the sale of high value assets which may have some impact on the total stock that a local authority holds".

By definition, that is going to be the case. This is hardly a detailed analysis of the impact of the Bill. Then it says:

"Local authorities are likely to incur some costs associated with the sale of vacant property".

Again, that is a pretty massive understatement with no figures attached to it. It continues:

"Consideration will be given to the deductions that should be made from the payment".

How very kind, but there is no indication of what consideration the Government are likely to give or at least what its outcome is likely to be. It then says, and remember that this is an impact assessment:

"A portion of the receipts will be used to provide more housing, reflecting housing need".

There is no indication of what portion, or indeed any definition of "housing need".

Then the impact assessment makes the one specific reference, which of course is timely in view of the impending election of a London mayor, that in London the provision must require that,

"at least two new affordable homes are provided for each vacant high value home that is expected to be sold in the relevant year".

It may be purely coincidence that London has been chosen for this definition, but a cynic might point out that it is the only firm commitment revealed in the whole impact assessment.

So it is pretty deplorable after all this time, unless the Minister has some information that she can convey to us either today or before Third Reading, that we do not know what the impact is going to be, how much money or how many homes are involved, how many councils will be affected and what a "high value" is. It is a case of Parliament, and in particular your Lordships' House, being asked to sign a blank cheque to the Government and, frankly, one written in invisible ink. It is highly unsatisfactory, and unless the Minister can produce some assurances about when we are going to get information, we will be left enacting legislation without any clear idea of what will be involved in terms of costs or, crucially, the numbers of replacement houses and where they might be built. In my submission, that is not a satisfactory outcome of a process that we have been engaged in for some months now in both Houses. I beg to move.

Baroness Williams of Trafford: My Lords, I thank the noble Lord for his amendment, although I am not sure that I should. I appreciate the considered thoughts from your Lordships' House on ways in which we can improve the Bill but I fear that the amendment would compromise the ability of the Government to meet our manifesto commitment, which clearly states that receipts from the sale of local authority housing will be used to fund right-to-buy discounts for housing association tenants, as well as supporting the delivery of additional homes. The amendment would prevent us from meeting this clear manifesto commitment, and as a result housing association tenants would be unable to realise their dream of owning their own home.

We know that there is £200 billion of value locked up in housing in this country. We also know that some of that could be used to increase housing supply, something that noble Lords from across the House have expressed a wish to do. We also know that in many places the value has not been used for that purpose. That is why this Government are bringing forward this legislation. I make it clear that we also want to increase housing supply with these receipts and through the voluntary deal with housing associations that will see more homes built for each right-to-buy sale.

6.45 pm

We have already discussed the suggestion from the noble Lord, Lord Kerslake, for an amendment to reflect the need for one-for-one in the Bill, and the commitment that I gave in that respect. That seems the right approach when considering the provision of additional homes.

The noble Lord asked when we might see some of the data. There are a lot of data from 165 local authorities, and I made it clear at the beginning that it would take some time to analyse them. I assure noble Lords that we will take decisions on this as soon as possible, but I do not want to rush into those decisions. I hope that on that basis the noble Lord will feel able to withdraw his amendment.

Lord Beecham: My Lords, I shall reluctantly withdraw the amendment. I do not blame the Minister for the situation that we are in, but we are enacting legislation the outcome of which is utterly unclear, in terms of

[LORD BEECHAM]
both the physical reality of houses that are to be sold and replaced and the costs. It really is not good enough that we should be placed in this position. I would be tempted to press the matter to a vote were it not for the fact that, as the Minister has pointed out, there is an arrangement, although I am not at all happy with it, under which the housing association right to buy is to be partly funded. As we have not voted against that, it would be illogical to press this decision to a vote.

Still, I hope that the Minister will be able as soon as possible to come up with some facts, figures and details about how the provision here is going to work in practice. It should be possible for the Government to give such an indication, not for every council but certainly for a few. They could take a London borough, a district council or a metropolitan council, for example, just so that we could see what is likely to be achieved. Whether it is possible to do that before Third Reading is, I guess, somewhat problematic, but that is a criticism of the process as a whole and certainly not a criticism of the Minister. Having said all that, I beg leave to withdraw the amendment.

Amendment 68 withdrawn.

Clause 75: Local authority disposal of housing: consent requirements

Amendments 69 and 70

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

69: Clause 75, page 33, line 21, leave out "high" and insert "higher"

70: Clause 75, page 33, line 27, leave out "high" and insert "higher"

Amendments 69 and 70 agreed.

Clause 76: Set off under section 11 of Local Government Act 2003

Amendment 70A not moved.

Clause 77: Interpretation of Chapter

Amendment 71

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

71: Clause 77, page 34, line 8, leave out "high value"" and insert ""higher value", in relation to housing,"

Amendment 71 agreed.

Amendment 71A

Moved by ***Lord Beecham***

71A: Clause 77, page 34, line 17, leave out "may" and insert "must"

Lord Beecham: My Lords, these amendments are quite limited. They relate to the way in which the interpretation of the question of vacancy is determined. They seek to require the Secretary of State to specify what that interpretation should be by regulation rather than simply having the option of so doing. Amendment 71A would translate "may" into "must" in Clause 77, such that the Secretary of State must specify by regulations the circumstances in which housing is to be treated as not becoming vacant for the purpose of a high-value sales policy, while Amendment 71B would require those regulations to be affirmative. It is a fairly straightforward matter but it is important that the procedure should follow the route of secondary legislation rather than, as we heard earlier in another context, a matter simply for ministerial determination. I beg to move.

Baroness Williams of Trafford: My Lords, I thank the noble Lord for his amendment. It would replace the discretionary power of the Secretary of State to make regulations on specifying circumstances in which housing is not treated as being vacant for the purposes of this part of the Bill by replacing "may" with "must". The amendments in this group would also require these regulations to be made as affirmative.

As many noble Lords will recall, and as many have made reference to, the DPRRC considered the powers that we proposed to take through this Bill. I am happy to report that it did not seek to change the proposal for this power to be made through a negative resolution. It accepted our arguments that it is appropriate to use the negative procedure for these regulations, as this approach will provide flexibility to ensure that if circumstances change over time or if a need for further exclusions is identified in the future, this can be easily addressed by adding, amending or removing exclusions.

Given my earlier concession on making the regulations setting out the definition of "higher value" through affirmative resolution, and given that the DPRRC agreed with our proposal, I urge the noble Lord to withdraw his amendment.

Lord Beecham: My Lords, I have received an invitation from the Minister which I regret to say I cannot accept; I wish to test the opinion of the House.

6.51 pm

Division on Amendment 71A

Contents 115; Not-Contents 206.

Amendment 71A disagreed.

Division No. 2

CONTENTS

Addington, L.
Alderdice, L.
Ashdown of Norton-sub-Hamdon, L.
Bakewell of Hardington Mandeville, B.
Barker, B.
Bassam of Brighton, L. [Teller]
Beecham, L.
Beith, L.
Benjamin, B.
Boothroyd, B.
Bradshaw, L.
Burnett, L.
Burt of Solihull, B.
Campbell of Pittenweem, L.
Carlile of Berriew, L.
Chidgey, L.
Clark of Windermere, L.
Clement-Jones, L.
Collins of Highbury, L.
Cotter, L.
Davies of Stamford, L.
Dholakia, L.
Donaghy, B.

Drake, B.
Eames, L.
Eatwell, L.
Falkner of Margravine, B.
Featherstone, B.
Foster of Bath, L.
Foulkes of Cumnock, L.
Fox, L.
German, L.
Glasgow, E.
Goddard of Stockport, L.
Golding, B.
Grender, B.
Griffiths of Burry Port, L.
Hameed, L.
Hamwee, B.
Hanworth, V.
Harris of Haringey, L.
Haskel, L.
Healy of Primrose Hill, B.
Hennessy of Nympsfield, L.
Hollis of Heigham, B.
Howie of Troon, L.
Hoyle, L.
Hughes of Woodside, L.
Hussein-Ece, B.
Jolly, B.
Jones, L.
Jones of Cheltenham, L.
Kennedy of Southwark, L.
Kirkhill, L.
Kramer, B.
Layard, L.
Lea of Crondall, L.
Loomba, L.
McAvoy, L.
McFall of Alcluith, L.
McIntosh of Hudnall, B.
MacKenzie of Culkein, L.
Maddock, B.
Mallalieu, B.
Marks of Henley-on-Thames, L.
Mendelsohn, L.
Newby, L.
Nicholson of Winterbourne, B.
Northover, B.
Oates, L.
Palmer of Childs Hill, L.
Parminter, B.
Pendry, L.
Quin, B.
Rea, L.
Rees of Ludlow, L.
Roberts of Llandudno, L.
Rooker, L.
Scriven, L.
Sharkey, L.
Sheehan, B.
Shipley, L.
Shutt of Greetland, L.
Simon, V.
Smith of Basildon, B.
Smith of Newnham, B.
Steel of Aikwood, L.
Stevenson of Balmacara, L.
Stoddart of Swindon, L.
Stoneham of Droxford, L.
Strasburger, L.
Stunell, L.
Taverne, L.
Taylor of Bolton, B.
Teverson, L.
Thomas of Gresford, L.
Thomas of Winchester, B.
Thurlow, L.
Tonge, B.
Tope, L.
Tunnicliffe, L. [Teller]
Tyler, L.
Tyler of Enfield, B.
Uddin, B.
Wallace of Saltaire, L.
Wallace of Tankerness, L.
Walmsley, B.
Walpole, L.
Warwick of Undercliffe, B.
Watson of Invergowrie, L.
Wheeler, B.
Whitty, L.
Williams of Baglan, L.
Willis of Knaresborough, L.
Wills, L.

NOT CONTENTS

Aberdare, L.
Ahmad of Wimbledon, L.
Altmann, B.
Anelay of St Johns, B.
Arbuthnot of Edrom, L.
Arran, E.
Ashton of Hyde, L.
Astor of Hever, L.
Attlee, E.
Baker of Dorking, L.
Balfe, L.
Berridge, B.
Black of Brentwood, L.
Blencathra, L.
Borwick, L.
Bourne of Aberystwyth, L.
Bowness, L.
Brabazon of Tara, L.
Bridgeman, V.
Bridges of Headley, L.
Brougham and Vaux, L.
Browne of Belmont, L.
Browning, B.
Byford, B.
Callanan, L.
Carrington of Fulham, L.
Cathcart, E.
Cavendish of Furness, L.
Chadlington, L.
Chisholm of Owlpen, B.
Colville of Culross, V.
Colwyn, L.
Cooper of Windrush, L.
Cope of Berkeley, L.
Cormack, L.
Courtown, E.
Craigavon, V.
Crathorne, L.
De Mauley, L.
Deben, L.
Deighton, L.
Denham, L.
Dixon-Smith, L.
Dobbs, L.
Dunlop, L.
Eaton, B.
Eccles, V.
Eccles of Moulton, B.
Elton, L.
Evans of Bowes Park, B.
Evans of Weardale, L.
Fairfax of Cameron, L.
Fall, B.
Farmer, L.
Faulks, L.
Feldman of Elstree, L.
Fellowes of West Stafford, L.
Fink, L.
Finkelstein, L.
Finn, B.
Fookes, B.
Forsyth of Drumlean, L.
Fowler, L.
Framlingham, L.
Freeman, L.
Freud, L.
Gardiner of Kimble, L. [Teller]
Gardner of Parkes, B.
Garel-Jones, L.
Geddes, L.
Gilbert of Panteg, L.
Glendonbrook, L.
Glentoran, L.
Gold, L.
Greenway, L.
Griffiths of Fforestfach, L.
Hailsham, V.
Hamilton of Epsom, L.
Harding of Winscombe, B.
Harris of Peckham, L.
Hayward, L.
Helic, B.
Heyhoe Flint, B.
Higgins, L.
Hodgson of Abinger, B.
Hodgson of Astley Abbotts, L.
Holmes of Richmond, L.
Home, E.
Hooper, B.
Hope of Craighead, L.
Horam, L.
Howard of Rising, L.
Howe, E.
Hunt of Wirral, L.
Inglewood, L.
James of Blackheath, L.
Jenkin of Kennington, B.
Jopling, L.
Keen of Elie, L.
Kilclooney, L.
King of Bridgwater, L.
Kinnoull, E.
Kirkham, L.
Lang of Monkton, L.
Lansley, L.
Lawson of Blaby, L.
Leigh of Hurley, L.
Lexden, L.
Lindsay, E.
Lingfield, L.
Listowel, E.
Liverpool, E.
Livingston of Parkhead, L.
Lothian, M.
Lupton, L.
Lyell, L.
Lytton, E.
McColl of Dulwich, L.
MacGregor of Pulham Market, L.
McGregor-Smith, B.
McIntosh of Pickering, B.
Mackay of Clashfern, L.
Magan of Castletown, L.
Maginnis of Drumglass, L.
Mancroft, L.
Marland, L.
Marlesford, L.
Maude of Horsham, L.
Mawhinney, L.
Mawson, L.
Meacher, B.
Mobarik, B.
Mone, B.
Montrose, D.
Morris of Bolton, B.
Moynihan, L.
Naseby, L.
Nash, L.
Neville-Jones, B.
Neville-Rolfe, B.
Newlove, B.
Noakes, B.
Northbrook, L.
Norton of Louth, L.
O'Cathain, B.
Oppenheim-Barnes, B.
O'Shaughnessy, L.
Palmer, L.
Patel, L.
Patten, L.
Perry of Southwark, B.
Pidding, B.
Polak, L.
Popat, L.
Porter of Spalding, L.
Price, L.
Prior of Brampton, L.
Rawlings, B.
Redfern, B.
Risby, L.
Robathan, L.
Rock, B.
Rogan, L.
Ryder of Wensum, L.
Sanderson of Bowden, L.
Sassoon, L.
Scott of Bybrook, B.
Seccombe, B.
Selborne, E.
Selkirk of Douglas, L.
Selsdon, L.
Shackleton of Belgravia, B.
Sheikh, L.
Shephard of Northwold, B.
Sherbourne of Didsbury, L.
Shields, B.
Shinkwin, L.
Shrewsbury, E.
Smith of Hindhead, L.
Somerset, D.
Stedman-Scott, B.
Stowell of Beeston, B.
Strathclyde, L.
Stroud, B.
Suri, L.
Tanlaw, L.
Taylor of Holbeach, L. [Teller]
Trees, L.
Trefgarne, L.
Trenchard, V.
Trimble, L.
True, L.
Tugendhat, L.
Ullswater, V.
Verma, B.
Wakeham, L.
Waldegrave of North Hill, L.
Warsi, B.
Wasserman, L.
Wellington, D.
Wheatcroft, B.
Whitby, L.
Williams of Trafford, B.
Wolfson of Aspley Guise, L.
Young of Cookham, L.
Younger of Leckie, V.

7.04 pm

Amendment 71B not moved.

Amendment 71C

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

71C: After Clause 77, insert the following new Clause—

"Composition of housing stock

(1) Three years after this Chapter comes into force, the Secretary of State must undertake a review and publish a report on the composition of local authority and housing association stock.

(2) The report under subsection (1) must examine the tenure and affordability of any existing dwellings and any new dwellings which are, or are expected to be, built after this chapter comes into force.

(3) The report must be laid before both Houses of Parliament."

Lord Kennedy of Southwark: My Lords, I rise to speak to Amendment 71C in my name and that of my noble friend Lord Beecham. I think we can all agree, no matter what position you take on this Bill—whether you think it is right, positive and a great Bill or think it is wrong, negative and not a good Bill—that the proposals are controversial and not universally welcomed. That is because of the lack of regulation—I am not going to start a regulation speech, I promise—and the fact that it is a skeleton Bill with, it has been suggested, not all the bits of the skeleton in place. So I have begun to think that the Bill is just not right. There must be a mechanism in it to enable the Government and Parliament to understand fully the effects of the provisions that have been brought into law.

When we discussed the right-to-buy provisions in Committee, there were many contributions from across the House. I recall the contribution from my noble friend Lord Campbell-Savours, who told us about a council estate quite close to this House that had almost entirely been sold under the right to buy but, now, almost entirely entered the private rented sector. In fact, many rooms in many of the council flats are now being rented out. He said that there are door numbers on the rooms within flats, and people are paying hundreds of pounds a week to live there. I am confident that when the original right-to-buy proposals were introduced by the first Conservative Government after the 1979 election victory, that was never their intention. The intention was to increase home ownership—a perfectly understandable intention. Of course, its effects today can be seen in the situation up the road.

My amendment provides for a report to be compiled in three years' time. Three years seems to me a sensible length of time. We will see what has happened with the proposals in the Bill and it will enable the Government—unless there is some unforeseen event, this Government will still be in office when we get the report, with one more year to go—to look at them and understand their effects. That is a sensible thing to do and on that basis, I beg to move the amendment.

Baroness Bakewell of Hardington Mandeville: My Lords, I rise to support Amendment 71C. As has been said many times during the passage of this Bill, its implications will have very wide ranging consequences. It is therefore necessary to monitor those consequences adequately and consistently, and not leave it to hearsay and conjecture. The Secretary of State should conduct a proper review of the composition of the housing stock of local authorities and housing associations after three years. By then, it should be possible to ascertain exactly how many new homes have been produced, the state of the affordable rented sector, and what measures will be needed to redress any gaps in the market or enhancements needed to fulfil the Government's aim of addressing the current housing crisis.

Baroness Hollis of Heigham: My Lords, I also would like to support this amendment. I do not mean to be impertinent to the Minister, but I think that she owes us this—and I will say why, if I may. There have been considerable worries around the House as to just how "skeleton" this Bill is. We have been promised regulations which, although they may now be affirmative thanks to the good efforts of our colleagues on the Cross Benches, will none the less come in after the Bill has become law because the consultation exercises on which they are based started two-thirds of the way through the parliamentary process. We all know that they should have been concluded before the parliamentary process, so that they could have shaped the form of the Bill and thus been amended in an appropriate way.

In area after area we do not know what is going to happen. We do not know what is going to happen with starter homes, with the potential take-up or with the priority order of the money from local authority sales. We do not know what number of properties will have to be sold and levied to meet that, or how the sums are going to add up. We could make a shopping list of the things we should know and the Government should know, but that we have not been told. I think that that is because the Government do not know. All this work should have been done, in my view, long before this Bill took shape. This is the result of having, in the first year of a Government, a Bill that should have been delayed, as a Member of the Benches opposite said, for at least a year while some of this evidence was collected. We could then have had a more informed and sensible debate in the long hours of Committee and now at Report.

At Report, the Minister and the Secretary of State are beginning to respond to a lot of the arguments raised in Committee, and we are very appreciative of that. However, the Government could and should have foreseen those arguments at the Commons stages; they could and should have foreseen them at Second Reading; and they could and should have had answers in Committee. What we are now getting are promises at Report. We will come to Third Reading and, if those responses are not adequate, we will have to go into questions and the consideration of ping-pong, which will then put a question mark over the whole timetable of the Bill.

Through no fault of the Minister, the department has failed to put in the preliminary work on this Bill. There are many people in this House who have been Ministers and taken Bills through it who know how much preparation is needed to have a Bill that is informed with the proposed regulations in draft. The LegCo committee, as was, would not have allowed this

Bill to go forward in my day with the regulations as vague as they now appear to be because we are still awaiting the results of the consultation exercise.

At the very least, therefore, we need a proper, evidence-based, data-collected report three years down the line on whether all these offerings, suggestions, proposals and possibilities that we all see and argue for in this Bill actually come to pass or whether, as a result of skeletal scrutiny of a very skeletal Bill, we have missed out major issues which then bear heavily on people who can ill afford to see their housing need pushed ever further back in the queue. I therefore suggest to the Minister in all gentleness that she owes us this amendment.

Lord Harris of Haringey (Lab): My Lords, I, too, think that this amendment is important and I hope that the Minister will be able to accept it. My view is that this Bill is littered with unintended consequences. However, I may be wrong about that; they may be intended consequences. The answer is that we simply do not know, because so much of the Bill has not been brought forward in a way that allows us see what exactly is intended; we do not know what will be in regulations and so on. So we do not know what the consequences will be, whether they are intended or not. That is not a sensible position to be in.

If one takes at face value the objectives the Government have enunciated—what they want to do to address the housing problems that affect many parts of this country—there has to be the opportunity to take stock of the way the changes included in the Bill will work through the system. My noble friend's amendment would at least enable that to be done. It would of course have been much better if the Bill had been properly produced in the first place after a proper assessment of all the evidence, and if it had been made clear to Parliament what all its various components would be. But given that we are not there, if this amendment is accepted, we could before the next general election have some of that information before Parliament and before government. The Government might even decide that they want to unpick some of what they are trying to do here, or they might recognise that remedial measures are necessary; but in any event there would be a generally and publicly available report so that, near the time of that general election, there could be an understanding of the Bill's consequences and of how we need to move forward to achieve balanced and adequate housing provision in all parts of the country. I am pretty certain that this Bill, with all its consequences, whether intended or unintended, will not provide us with that; we need the evidence and the information. Indeed, I would have thought that good government, of whatever colour, requires that such data be collected and made available.

Baroness Williams of Trafford: My Lords, I begin by agreeing with the noble Lord, Lord Kennedy, about the intention of government in providing housing, and about people—not usually the tenants themselves, and subsequently the owners—sometimes trying to profit from housing that is intended for an entirely different purpose. I hope the noble Baroness will recall the undertaking I gave in Committee to get a working group together to look at how such fraud can be eliminated from the system. I feel very committed to that. I also take on board her point about the detail perhaps not being ready when noble Lords might want it. I hope that noble Lords will at least give me credit for trying to do that when I can, and in as much detail as I can.

I assure noble Lords that the Government already publish a significant amount of statistical data on the composition, tenure and affordability of housing through various mechanisms such as housing surveys and data collection exercises. For example, as part of the English housing survey, we publish an annual report on households. For 2013-14, this included information about tenure in the social rented sector, the private rented sector and owner-occupation. It compared each of these tenures and looked at how the relative size of each has changed. The report also examined measures of the affordability of social rented accommodation and movements into and out of the social rented sector.

Additionally, the Government publish various housing statistics, giving up-to-date data on a range of issues such as affordable housing supply, dwelling stock estimates, net supply of housing, housebuilding and housing market data. That is very useful information which provides a comprehensive and up-to-date picture of changes in housing stock, tenure and affordability.

With that reassurance about the extensive data—

Lord Foster of Bath: My Lords—

Baroness Williams of Trafford: Is it a point of clarification?

7.15 pm

Lord Foster of Bath: Yes indeed. I am grateful to the Minister for detailing all the information that is available, but can she answer the question I asked earlier in our deliberations: what is the Government's estimate of the money they need to receive from the sale of high-value properties to cover the cost of replacement properties for the right-to-buy discount and the brownfield regeneration scheme?

Baroness Williams of Trafford: The noble Lord is obviously referring to a previous group of amendments. I am not sure whether he was in his place when I said that this data collection exercise is quite extensive—60 million pieces of data. We always thought it would be a quite a lengthy process, but we will keep noble Lords up to date as and when we can.

Does the noble Lord, Lord Harris, want to add to that?

Lord Harris of Haringey: I seek clarification on what the Minister just told us. She outlined all the various data which are collected and published at the moment, but this Government are committed to reducing the burdens of data collection and regulation. We keep having various surveys and various other forms of data, the collection of which is then cancelled. Can the Minister give us an absolute undertaking that none of the data sets she has talked about will stop being collected between now and the end of this Parliament? If it was written into legislation that this

[Lord Harris of Haringey]
report would have to be produced, it would obviously then be very difficult for the Government to resile from their obligation to collect the data.

Baroness Williams of Trafford: I hope the noble Lord will understand that I do not have telepathy regarding what might happen in various spending reviews et cetera, but as far as I know such data collection exercises will continue. If that is not the case, I will let the House know.

Lord Kennedy of Southwark: My Lords, as this is the last amendment we will discuss today, I put on record my thanks to the noble Baronesses, Lady Williams of Trafford and Lady Evans of Bowes Park, for the courteous way in which they have responded to questions and comments from Members in all parts of the House. They have been helpful, informative and willing to listen. I know that other noble Lords appreciate that, too.

Having said that, I am disappointed that the Minister has not taken up my very good offer to enable the Government to arm themselves with more information to convince us all what a great policy they are putting forward here. I picked a period of three years because, as I said, barring any unknown factors the Government will still be in office then to deliver their review. I am disappointed that they do not want to take up that offer, and therefore want to test the opinion of the House.

7.19 pm

Division on Amendment 71C

Contents 80; Not-Contents 185.

Amendment 71C disagreed.

Division No. 3

CONTENTS

Adams of Craigielea, B.
Addington, L.
Alderdice, L.
Alli, L.
Ashdown of Norton-sub-Hamdon, L.
Bakewell of Hardington Mandeville, B.
Beecham, L.
Beith, L.
Berkeley, L.
Bradley, L.
Burnett, L.
Burt of Solihull, B.
Campbell of Pittenweem, L.
Campbell-Savours, L.
Carlile of Berriew, L.
Chidgey, L.
Clark of Windermere, L.
Clement-Jones, L.
Cotter, L.
Coussins, B.
Davies of Stamford, L.
Desai, L.
Dholakia, L.
Elystan-Morgan, L.
Falkner of Margravine, B.
Featherstone, B.
Foster of Bath, L.
Fox, L.
German, L.
Giddens, L.
Glasgow, E.
Golding, B.
Grey-Thompson, B.
Hamwee, B.
Harris of Haringey, L.
Haskel, L.
Healy of Primrose Hill, B.
Hollis of Heigham, B.
Hoyle, L.
Hussein-Ece, B.
Jones, L.
Kennedy of Southwark, L. [Teller]
Kirkhill, L.
McAvoy, L. [Teller]
McFall of Alcluith, L.
McIntosh of Hudnall, B.
McKenzie of Luton, L.
Maddock, B.
Massey of Darwen, B.
Maxton, L.
Mendelsohn, L.
Morris of Handsworth, L.
Newby, L.
Nicholson of Winterbourne, B.
Oates, L.
Palmer of Childs Hill, L.
Prosser, B.
Purvis of Tweed, L.
Randerson, B.
Roberts of Llandudno, L.
Rodgers of Quarry Bank, L.
Scriven, L.
Shipley, L.
Smith of Newnham, B.
Stevenson of Balmacara, L.
Stoddart of Swindon, L.
Strasburger, L.
Stunell, L.
Taylor of Bolton, B.
Thomas of Gresford, L.
Tope, L.
Tunnicliffe, L.
Tyler, L.
Uddin, B.
Wallace of Tankerness, L.
Walmsley, B.
Watson of Invergowrie, L.
Williams of Baglan, L.
Williams of Elvel, L.
Wills, L.

NOT CONTENTS

Ahmad of Wimbledon, L.
Altmann, B.
Anelay of St Johns, B.
Arbuthnot of Edrom, L.
Arran, E.
Ashton of Hyde, L.
Astor of Hever, L.
Attlee, E.
Balfe, L.
Berridge, B.
Bew, L.
Borwick, L.
Brabazon of Tara, L.
Bridgeman, V.
Bridges of Headley, L.
Brougham and Vaux, L.
Browning, B.
Byford, B.
Callanan, L.
Carrington of Fulham, L.
Cathcart, E.
Cavendish of Furness, L.
Chadlington, L.
Chisholm of Owlpen, B.
Colville of Culross, V.
Colwyn, L.
Cooper of Windrush, L.
Cope of Berkeley, L.
Cormack, L.
Courtown, E.
Craigavon, V.
De Mauley, L.
Deben, L.
Deighton, L.
Dixon-Smith, L.
Dobbs, L.
Eames, L.
Eaton, B.
Eccles, V.
Eccles of Moulton, B.
Evans of Bowes Park, B.
Fairfax of Cameron, L.
Fall, B.
Farmer, L.
Faulks, L.
Feldman of Elstree, L.
Fellowes of West Stafford, L.
Fink, L.
Finkelstein, L.
Finn, B.
Fookes, B.
Forsyth of Drumlean, L.
Fowler, L.
Framlingham, L.
Freeman, L.
Freud, L.
Gardiner of Kimble, L. [Teller]
Gardner of Parkes, B.
Garel-Jones, L.
Geddes, L.
Gilbert of Panteg, L.
Glendonbrook, L.
Glentoran, L.
Gold, L.
Greenway, L.
Hailsham, V.
Hamilton of Epsom, L.
Harding of Winscombe, B.
Harris of Peckham, L.
Hayward, L.
Helic, B.
Higgins, L.
Hodgson of Abinger, B.
Hodgson of Astley Abbotts, L.
Holmes of Richmond, L.
Home, E.
Hooper, B.
Hope of Craighead, L.
Horam, L.
Howard of Rising, L.
Howe, E.
Hunt of Wirral, L.
Inglewood, L.
James of Blackheath, L.
Jenkin of Kennington, B.
Jopling, L.
Kakkar, L.
Keen of Elie, L.
Kinnoull, E.
Kirkham, L.
Lang of Monkton, L.
Lansley, L.
Lawson of Blaby, L.
Leigh of Hurley, L.
Lexden, L.
Lindsay, E.
Lingfield, L.
Liverpool, E.
Livingston of Parkhead, L.
Lothian, M.
Lupton, L.
Lyell, L.
McColl of Dulwich, L.
MacGregor of Pulham Market, L.
McGregor-Smith, B.
McIntosh of Pickering, B.
Mackay of Clashfern, L.
Mancroft, L.
Marland, L.
Marlesford, L.
Mawson, L.
Meacher, B.
Mobarik, B.
Mone, B.
Montrose, D.
Morgan of Drefelin, B.
Morris of Bolton, B.
Moynihan, L.
Naseby, L.
Nash, L.
Neville-Jones, B.
Neville-Rolfe, B.
Newlove, B.
Noakes, B.
Norton of Louth, L.

Oppenheim-Barnes, B.
O'Shaughnessy, L.
Patel, L.
Patten, L.
Perry of Southwark, B.
Pidding, B.
Polak, L.
Popat, L.
Porter of Spalding, L.
Price, L.
Prior of Brampton, L.
Rawlings, B.
Redfern, B.
Risby, L.
Rock, B.
Rogan, L.
Ryder of Wensum, L.
Sanderson of Bowden, L.
Sassoon, L.
Scott of Bybrook, B.
Seccombe, B.
Selborne, E.
Selkirk of Douglas, L.
Selsdon, L.
Shackleton of Belgravia, B.
Sheikh, L.
Shephard of Northwold, B.
Sherbourne of Didsbury, L.
Shields, B.
Shinkwin, L.
Shrewsbury, E.
Smith of Hindhead, L.
Stedman-Scott, B.
Stowell of Beeston, B.
Strathclyde, L.
Stroud, B.
Suri, L.
Tanlaw, L.
Taylor of Holbeach, L. [Teller]
Thurlow, L.
Trees, L.
Trefgarne, L.
Trenchard, V.
Trimble, L.
True, L.
Tugendhat, L.
Ullswater, V.
Verma, B.
Wakeham, L.
Waldegrave of North Hill, L.
Walpole, L.
Warsi, B.
Wasserman, L.
Wellington, D.
Wheatcroft, B.
Whitby, L.
Williams of Trafford, B.
Wolfson of Aspley Guise, L.
Young of Cookham, L.
Younger of Leckie, V.

Consideration on Report adjourned.

Technology and People: Deloitte Report

Question for Short Debate

7.30 pm

Asked by ***Lord Borwick***

To ask Her Majesty's Government what is their assessment of Deloitte's report *Technology and people: The great job-creating machine* published in August.

Lord Taylor of Holbeach (Con): My Lords, as we move on to the dinner hour debate, it might help noble Lords to know that the time available has been extended to 90 minutes. Therefore, the advisory speaking time has been extended to six minutes.

Lord Borwick (Con): My Lords, in 1589 the inventor William Lee applied for a patent on a new knitting machine that could quickly produce far higher quality stockings than could be made by hand. Elizabeth I denied him his patent. In doing so she said:

"Consider thou what the invention could do to my poor subjects. It would assuredly bring to them ruin by depriving them of employment, thus making them beggars".

Does my noble friend the Minister have any record of the advice given by her department to the monarch in this case? We know that not long after that, Britain became a world leader in textiles, despite the Luddites and their alleged destruction of the machinery they thought was threatening their jobs These concerns have never subsided. In the 1930s, many predicted an endless depression as jobs were lost to machines. In the 1970s, unions were concerned about mass unemployment as factories became more efficient.

So concerns about the impact of technology on jobs are by no means a new thing, and, as in the 16th century, whenever we hear about the impact of technology on the jobs market these days, it is almost always negative. The headlines are terrifying: robots will take your job and industry will cull thousands of employees to make way for cheaper machines. It is straightforward to show how many jobs a machine can take away from humans. The minus side of the ledger is quite clear—but what about the plus side? That is much harder to measure, which perhaps underpins the negativity of the current debate. It is also much harder for journalists to write about the plus side.

But some excellent analysis has been produced by economists at Deloitte that shows that technology has created more jobs than it has destroyed in the last 144 years. That was the key finding from the report that moved me to table this debate: *Technology and People: The Great Job-creating Machine*. I am grateful to the team who produced the report as, along with several other noble Lords, I have met with them several times to discuss this issue in more depth.

As the economists at Deloitte found, new technology simply changes the types of jobs that people do. Agriculture is a key example. In 1871 it employed 6.6% of the workforce in England and Wales. Today it employs just 0.2% of the workforce, which is a decline of a massive 95%. It is good that we do not have as many people working in this sector, and we produce more food as a result of technology changes.

In general terms, technological innovation has taken people out of manual work: jobs that decades and centuries ago required muscle power. So while employment in agriculture has declined, it has grown in other areas. Let us take nursing and care. Just 1.1% of the workforce was employed in the caring professions in 1871, while in 2011 these professions employed almost a quarter of the England and Wales workforce. That is a huge leap, indicating that as we need less heavy lifting, we can redirect efforts to other areas.

Technology has also boosted employment in knowledge-intensive sectors. Again, since we do not have to engage in intense physical activity to produce food, energy and goods, we can instead engage in jobs that require more brainpower. That explains why employment has grown in medicine and professional services. And despite the invention of calculators and computers, the number of accountants in England and Wales has grown from around 10,000 in 1871 to 216,000 now. Indeed, it has been reported that the UK has more accountants than the rest of the EU combined. This indicates that even when a new technology seemingly threatens a job, it does not necessarily play out as the pessimists think it will—and, given the Conservatives' strong record on jobs over the last two Parliaments, we have even more reason to be optimistic.

I spent some of the days of the Easter Recess in Japan, where the level of service is magnificent. I was particularly intrigued by the hotel I stayed in. Some of the reception desks were normal—high tops, with the receptionists standing to talk to guests. Others had 1 ow desks—in which case the receptionist had been trained to leap to her feet whenever a guest approached. A wonderful article in "Wired" magazine describes in detail a new hotel near Tokyo Disneyland, in which most of the receptionists—and indeed other staff—are automatons. The hotelier clearly believes that the vast majority of requests can be predicted and dealt with by a robot. The fact that the robot is dressed, if that is

[LORD BORWICK]

the right word, as a velociraptor in a pinafore and a hat either makes the point that the level of this technology is emerging from the evolutionary swamp or reflects the weird sense of fun of the Japanese designers. What is the impact of automated receptionists? It has now created the need for more staff, not fewer. Perhaps there is one fewer receptionist, but there are more engineers, programmers—and possibly psychiatrists to help the bemused patrons. It is not of course the hotelier's objective to create other jobs elsewhere, but that is of course the great thing about innovation.

If we think about the receptionists in Japan, their training should be in how to solve new problems, not just about how to stand and smile at the customers: how to think, not just how to behave. Perhaps the reptilian robotic receptionist is an extreme example of a general trend that many jobs are a mixture of drudgery and interest, and the truth is that many people have no real challenge in their jobs. Many noble Lords have earned their living in manual labour at some stage in the past. As a 17 year-old, I was an ineptly skilled bricklayer, hating the cold rain in Scotland in January and hoping for a better job. I am rather glad that I got one.

Noble Lords will know that a repetitive job is rarely fulfilling, as they are used to dealing with challenges. It cannot be the summit of human achievement to assemble widgets, working like Charlie Chaplin in "Modern Times", driven by an ever-accelerating production line. The people doing a task repetitively may actually be dreaming about different mental problems: how to motivate their teenagers or what they would do if they won the lottery. We should be encouraging people to use their brainpower rather than lose it. Not using reasoning is very bad for the health of human beings.

Jobs that are examined on television series are the ones that have drama and factors out of the control of the individual. The brave fishermen catching crabs in "The Deadliest Catch" or the brave souls in "Ice Road Truckers" are filmed not because they are photogenic but because they are mostly triumphant over high odds. There is a certain romance in these jobs which we can watch from afar in a warm living-room. The cold and the wet, and the danger that could kill them, is real, but it is also dramatised to allow people to enjoy the programme in comfort that little bit more—although perhaps the biggest danger is most noticeable to the poor cameraman on the fishing boat for the first time rather than to the fishermen themselves. They may be our modern working heroes: the last ones to have their jobs automated because their environment is so uncontrolled. Perhaps soon we shall have autonomous fishing vehicles trundling around the sea-floor, meaning that the humans who now do this job will be able to do something safer.

The political enthusiasm for the coal miners belied the fact that it was a dirty, dangerous profession. In 2013, there were 260,000 deaths worldwide from pneumoconiosis, or black lung, most of which was the result of exposure to particles while deep mining. More than £4 billion has been paid in compensation to miners for chronic obstructive pulmonary disease and vibration white finger. So is it a tragedy that a deep mine shuts or is it a triumph that we no longer produce crippled and chronically diseased working men? History has shown us a stream of jobs that have disappeared, from lamplighters to village blacksmiths, from threshers to coal hauliers, and most of these jobs were dangerous and uncomfortable.

The BBC website hosts a search tool where you type in your job and it tells you the extent to which it is at risk from automation. The jobs most at risk are repetitive, clerical and administrative. Perhaps if our new laws have too many clauses, legislators are doomed to be replaced by robots as well.

If there is anything we can do to prepare ourselves for the rise of the robots, it is to ensure that we have an education system that is teaching the right skills, but one that is also flexible and differentiated. The cleverest should be able to take advantage of their cleverness in whatever field they may be, rather than be consumed by the blob. After all, William Lee, the inventor of that knitting machine rejected by the Elizabeth I, attended Cambridge on a form of scholarship. His cleverness was recognised and nurtured in the education system, even though the Queen was not impressed. It is great education that can solve the problems raised by technology.

7.41 pm

Lord Giddens (Lab): My Lords, I congratulate the noble Lord, Lord Borwick, on securing this debate and introducing it so elegantly. We can all swap stories, since we have more time than we thought, about our jobs as students. I used to work as a house painter, up the top of a ladder, and bloomin' dangerous it was—too scary for me, so I had to give it up. It fits the narrative because now I have things that fix the ladder at the bottom, which makes it a lot safer than it was in my day.

The report in question is a useful counterblast, as the noble Lord, Lord Borwick, said, to those who say in some simplistic way, "The robots are coming for our jobs". But, unlike the noble Lord, I have a range of reservations about it and questions to raise. Primarily, I have three questions.

First, I think it is a mistake to speak generically of technology as though it were all the same from the 18th and 19th centuries to the present day. When we discuss the issues currently we are talking primarily of the digital revolution, which is a great wave of change washing across the globe, driven by the internet, supercomputers and robotics. The digital revolution has not yet transformed the world as profoundly as the original industrial revolution did, but it is moving far, far faster and is much more immediately global than was ever the case before.

A good example, among many, is the rise of Uber, which was founded only in 2009. It is now capitalised at $65 billion. I studied technology through history as an academic. There has never been such a pace of change, and it is immediately global. The novelty of this has to be appreciated and we have to attempt to grasp it.

Secondly, the authors say confidently that machines, "seem no closer to eliminating the need for human labour than at any time in the last 150 years".

The noble Lord seemed to accept that statement.

It may be the case, but I think it is more accurate to say that, given this enormous speed of innovation and change across the world, we live in a kind of "don't

know" world precisely because of the pace and scope of change. We can read, for example, Richard and Daniel Susskind's *The Future of the Professions* or Eric Topol's *The Patient Will See You Now.* It is an interesting reversal. You go to the doctor, wait for five hours and then they say, "The doctor will see you now". Eric Topol foresees a transformation in medicine where patients are empowered—not down the line but in the near future.

Anyone who reads these and many similar works must recognise that we are in new territory and that we are still exploring the territory. It offers a huge and, to me, potentially disturbing mix of opportunities and risks—with, as yet, imponderable consequences. We simply do not know whether the theorems advocated in the report will hold over the next 20 or 30 years, although some aspects of them may do.

Thirdly, the authors' main thesis is that machines reduce costs, thereby freeing people to expand consumer spending, thus creating new jobs. Yet endless consumption does not seem the way forward for a world already running out of key resources and where conservation has to be a key value. So this theorem might also run up against other constraints.

At this point in our history, we have to be adventurous in our thinking because a range of possible futures confronts us. As I said, at this point we have no way of knowing which of them will turn out to be reality. The potential consequences for public policy seem to me quite huge. The level of disruption in the job market is likely to be higher and much more sudden than at any previous period. Whole industries might disappear overnight. Whole industries have disappeared overnight—again, this is more or less without precedent. Therefore, skills training will need to be highly flexible, creative and innovative.

The implications for welfare are also quite profound. It is no accident that basic income has surfaced as a theme in the thinking of many countries across the world. Not just work but education, medicine, social care and many other areas are likely to be transformed in their very nature by the digital revolution. We must track these changes in a continuous way and confront an open future, not one where we can simply apply a theorem derived from the past.

7.47 pm

Lord Fox (LD): I draw your Lordships' attention to my interest in GKN, which is a technology and engineering company. Noble Lords will be pleased to know that I will not be regaling them with tales of my holiday job in a chocolate factory, except to say that it is nowhere near as good as it sounds.

We should welcome this report and the opportunity to have this discussion, as we have too few like it in this place. It is helpful to start from a positive rather than a negative narrative. We should all accept that fantastic opportunities present themselves and that these will be created by technology.

The title of the report includes the words "Technology and People", and it is the people bit on which I want to dwell a little because it is the people of this country who will make this happen and who will be affected by it. The report, rightly, shies away from trying to draw a picture of what the future looks like, but works hard at trying to describe the type of people who will benefit in this world. It very clearly shows, as the first speaker said, how routine work has already been massively curtailed and reduced. It places a big onus on the education system of the future to foster and create people who are capable of what it rather dryly refers to as "cognitive, non-routine tasks". Within that, there is tremendous variation, but for the future to be positive in this country the majority of the people who live here have to be capable of embracing that cognitive, non-routine future. I think the noble Lord, Lord Borwick, made that point; the noble Lord, Lord Giddens, certainly did.

How good are we at this today? We heard a little about accountants, so I thought we might talk a little about engineers and engineering instead. I sit on the Royal Academy of Engineering's engineering talent project. This initiative is looking very seriously at how we can generate sufficient engineers over the near, medium and long term to address this country's needs. It is a tremendously difficult and pressing task that we have in front of us. At the current rate we will have a massive shortfall of the engineers we need.

Analysis of the situation shows great profligacy when it comes to nurturing future engineering students and practitioners through our schools. We have what the task force called a "leaky pipeline". If noble Lords look at the traditional pathway to engineering—of course, there are a number of other pathways—and start with 100 girls or 100 boys, only 0.2 of the girls or 1.6 of the boys will make it to an engineering job. That is a tremendously leaky pipeline. It is not that they are incapable of doing the subjects. Many of them, if not most, are capable at the start, but by the time they come through they have dwindled from 100 to, in the case of girls, 0.2. Bear in mind the current situation, where, for every new engineer recruited, one and a half retire. That gives noble Lords a measure of the problem.

This is one example where we are failing to impart the sort of skills that we need for this cognitive, non-routine future. It is important because engineering's problems are not atypical of the sort of skills and people who will be needed to embrace the future we see in this report. Of course, it is not straightforward and it requires a range of responses. It would be useful to hear what the Minister believes our response as a nation should be to this challenge. Clearly, looking at education, we have to find a way to value science and science teachers, to increase their numbers and empower them to teach these subjects. We have to raise the status of unfashionable subjects, such as physics, which is gradually emerging. Mathematics has also become more popular than it was, but there is still a long way to go to encourage schools sometimes to allow their pupils to take these exams, because there is a perception that the results may not be so good and their school may be marked down in league tables. That is something where the Government can look at how Ofsted deals with schools that are embracing bringing young people through with these kinds of subjects, which are often harder to get the highest grades for.

We need to build bridges for people. The pathway to either a STEM or an arts, non-STEM career diverges very early in life. It is time that young people—and,

[LORD FOX]
indeed, older people through their lives—have the opportunity and flexibility to cross back into the STEM arena and express themselves in that way.

We need action so that the UK can positively embrace this future and we need that action to centre around people and their skills. I look forward to hearing how we can do that.

7.54 pm

Lord Rees of Ludlow (CB): My Lords, the big economic and social question that should concern us is surely this: will robotics and AI be like earlier technologies addressed by Deloitte and create as many jobs as they destroy, or might it really be different next time? Robots have already replaced people in much of manufacturing, but in coming decades they will take over not just manual work—indeed, jobs such as plumbing and gardening will be among the hardest to automate—but routine legal and accountancy work, medical diagnostics and even surgery.

DeepMind, a small London company now hoovered up by Google, hit headlines recently because its computer beat the world champion in the Chinese game go. This was a breakthrough in so-called "generalised machine learning" because, unlike IBM's earlier chess-playing computer, the go-playing machine was not programmed by experts. It taught itself by analysing lots of games and playing against itself.

Computers learn to identify dogs, cats and human faces by crunching through millions of images—not the way babies learn. Computers learn to translate by reading millions of pages of, for example, multilingual EU documents—they never get bored. But advances are patchy. Robots are still clumsier than a child in moving pieces on a real chess-board. They cannot tie your shoe-laces or cut your toe-nails. But sensor technology, speech recognition and so forth are advancing apace. The driverless car is closer to reality.

Incidentally, the driverless car raises questions of safety and how to cope with emergencies. For instance, if an obstruction suddenly appears on a crowded highway, can Google's driverless car discriminate whether it is a paper bag, a dog or a child? The likely answer is that its judgment will never be perfect, but it will be better than the average driver. Machine errors will occur, but not as often as human error. But when accidents do occur they will create a legal minefield—who should be held responsible: the driver, the owner or the designer?

According to the Deloitte report, the jobs that have multiplied most since the 1990s are socially valuable but poorly paid—nursing auxiliaries, teaching assistants and care workers. This trend will continue. The money "earned" by robots could generate burgeoning wealth for an elite, but sustaining a harmonious society will require massive redistribution to guarantee everyone a "living wage", and to expand and upgrade public service employment where the human element is crucial for our quality of life and is now undervalued—carers for young and old, custodians, gardeners in public parks and so on.

I will indulge myself briefly by looking further ahead. Today's smartphones would have seemed magic just 20 years ago, so looking towards mid-century we must keep our minds open, or at least ajar, to what may now seem science fiction. Some AI evangelists talk about an intelligence explosion when machines will achieve human capabilities and will then go on themselves to create even more intelligent machines. Just as a nuclear explosion is easier to create than to control, maybe there is a worry that an intelligence explosion would be harder to control, even if it could be developed.

What if a machine developed a mind of its own? Would it stay docile or might it "go rogue"? Could it infiltrate the internet and the internet of things and manipulate the external world? This may seem science fiction, but some AI pundits think that the field already needs guidelines for responsible innovation, just as biotech does, to ensure that we can cope with or prevent these obvious downsides. Others regard these concerns as premature and think that it will be several decades before artificial intelligence becomes more of a worry than real stupidity.

But the disagreements are basically about timescales—the rate, not the direction, of travel. Few doubt that machines will surpass more and more of our distinctive capabilities or enhance them via cyborg technology. The jury is out on whether they will be idiots savant or develop truly versatile intelligences. Either way, coping with their societal consequences will become ever more challenging than it already is. It therefore needs to be high on our agenda. That is why I hugely welcome this debate.

7.59 pm

Lord Patten (Con): Earlier this week, I saw a headline over an article by some transport guru in a national newspaper, "Driverless cars will not catch on". That incited the punter in me to think that there must be an investment opportunity here. Where can I invest in the companies that will put the stuff into these driverless cars? After all, not many decades ago there were people saying on the record in the *Economist* and other great journals that the internet probably would not catch on too much.

It is much better to listen to the thoughtful words of the noble Lord, Lord Rees of Ludlow, on driverless cars and what they might produce in terms of a minefield in legal regulation. It is always better to listen to people who know their stuff, who have made stuff and think about stuff—just as my noble friend who opened this debate said in his notable speech. He is a deep thinker. As it happens, I think about him every day in my office at work because a couple of decades ago he gave me for my desk what is called in the trade a "business courtesy"—a memento of no value at all. It is a heavy, stainless steel apple produced by the lost wax process in one of his Redditch foundries, made by some of his people in a demonstration that manufacturing with leftovers can be fun. I think every day of my noble friend Lord Borwick when I go into my office and he made me think a lot in what he said this evening.

My noble friend used the report by Deloitte on this subject as a convenient peg on which to hang his provocative thoughts. At nine pages, the report is not exactly a PhD thesis. It restates the conventional wisdom—there is nothing wrong with conventional wisdom where it is

correct—that since 1871, every time some new invention or process has appeared, there is normally turmoil. People are fearful for their jobs, there are calls for regulation or to stop it happening—as in Queen Elizabeth I's time—but then everything always settles down. The one-time threat turns out generally to be a most beneficial job creator. It is just like in our experience when we lower the top rate of taxation: the tax take for the Treasury automatically, in a regulated way, produces more money for the Treasury to spend on those people who need help. These things have been the case every time since way before 1871, and always will be in future.

When I first looked at the report online, a sidebar popped up on the Deloitte site trying to recruit new people, including readers of the report, to join its ranks. "Never too late," I thought. "Always look at a new challenge. Chartered accountancy? It's a thought". So I went down the recruiting list. Deloitte lists its seven areas of expertise of which it is proud—in rank order, I guess. The first is giving tax advice. Going down through the list, the last is technology. I am sure that its advice on technology is excellent. However, although it used to be those in blue-collar trades, as they were then called, who were at the forefront of uncomfortable change—losing their jobs and having to reskill—in future decades it will be more and more the white collars who see disruption and replacement by the sort of automation referred to by the noble Lord, Lord Giddens, and others. That automation will go into areas such as legal work and, dare I say it, accountancy. Some people listening will realise that we have in the United Kingdom almost as many accountants as the whole of the rest of the other nations of the European Union put together. This sort of movement into these areas may well be a very beneficial piece of economic advance and disruption in the employment landscape.

It will also be less and less the case of new machines and technologies—those driverless cars and all the rest of it—but more of the de facto rebooting of human beings. Take apps, as have been referred to. Their use has created enormous wealth and new jobs. They have destroyed lots of other jobs, too. People used to be in call centres giving advice. They are not asked for that any more because apps get people the advice they want on where to go or shop, or how to get a restaurant booking. That has indeed destroyed jobs but it has also created an enormous amount of new growth. Only a year ago, text-based, artificial intelligence-driven chatbots were thought to be pure futurology, just like those driverless cars and the internet. Yet we now have this artificial intelligence-driven mechanism booking trains, getting food delivered and helping to monitor people who are schizophrenic and with long-term mental problems through the advice they can give.

The pace of change is extraordinary. The Government should be very happy with all this. I urge them not to start having lots of policies, strategies and groups, or retooling, rebooting and growing the department for business again. It would be much better if the Government and Ministers listened carefully to what has been said by the noble Lords, Lord Rees of Ludlow and Lord Giddens, and others in this debate, and just let it happen.

8.06 pm

Lord Haskel (Lab): My Lords, when I was a student, my job was to be a bus conductor. It was not a bad job: you got lots of exercise running up and down the stairs and you met people. It was the number 8 bus from Salford to Little Hulton—maybe one or two noble Lords have ridden it. Of course, that job was pretty soon automated. Fairly soon, the driver's job will be automated, too. Yes, this should improve the service, making it more reliable and perhaps more frequent, leading to more jobs—and not only for those who maintain and look after the buses. I imagine the public will want somebody on the bus for the reasons that the noble Lord, Lord Rees, explained. They will not just make do with the chatbot we were told about by the noble Lord, Lord Patten.

Many noble Lords spoke about education. How are we to prepare people for being this new kind of bus conductor? It is certainly not by making all schools academies. The noble Lord, Lord Fox, made that point. It is just dogma. Converting them to the university technical colleges of the noble Lord, Lord Baker, would be a big step in the right direction because the new bus conductors will need some understanding of robotics, artificial intelligence, satellite navigation, electrical engineering and transport technology, as well as having the warm and welcoming personality and manner to make the passengers feel welcome and good. You must prepare people to be part of the great job-creating machine in the Deloitte report. Yes, technology is creating more jobs but the jobs are very different.

It is particularly important that we get this right because many businesses and more and more self-employed people use website platforms and apps to access the services and products that this report speaks about. As well as seeing that education and training adapt, we in Parliament must also make sure that the Government adapt to this. However, in his recent report Sir Charles Bean produced some interesting examples where people using internet platforms and apps to conduct their business seemed to be doing so in a vacuum. The work did not appear in our national figures. It is too intangible. Ministers really must get a grip on this. If we do not know what is going on in our economy, some of the real benefits may well pass us by—especially as this type of work must be one route to solving our productivity puzzle, and productivity went down in the last quarter of 2015.

Early automation replaced brawn with machine. What is happening now is that we are replacing brain with machines with artificial intelligence. I agree with my noble friend Lord Giddens that we do not really know what the outcome will be. However, according to the Bank of England, 15 million jobs in this country are at risk. So the matters raised in this report are not just issues for the market to resolve—I do not agree with the noble Lord, Lord Patten, on that—they are also issues for the Government to address through an industrial strategy. I agree that a strategy is an act of faith—faith that it will lead not only to a stronger economy but to the betterment of our society, a better standard of living, better quality of life and less inequality. But unless we both have a strategy and really know what is going on in our economy, dare I say that we are in real danger of missing the bus?

8.10 pm

Lord Holmes of Richmond (Con): My Lords, it is pleasure to follow the noble Lord, Lord Haskel. Although it was not in my speech, I am now very much imagining in my head being "On the Buses" with a younger Lord Haskel, with Blakey chasing after him saying, "I'll get you, Haskel".

It is a pleasure to speak in this debate. I congratulate my noble friend Lord Borwick on securing such an interesting and timely debate, and commend the report from Deloitte on this subject. We have the highest level of employment ever and a good standard of living. We have rule of law, parliamentary democracy and freedom of speech. But why do we have such negativity as a start point to the potential of technology? Since 1950, the real price of a telly has reduced by 98%. Some may argue that there has been a direct link with the percentage reduction in programme quality over that same time period. But with stuff being available and cheap in a liberal democracy, why is the start point such negativity? I believe that this has nothing to do with technology and much to do with the very start point of our society and education—the classification that we learn in class when learning about things and, a little later, when learning about the relationship between those things. In the process of putting that classification to ourselves, we immediately make ourselves prime and everything else "other". We seek to divide civilisation and barbarianism, culture and nature, the human and almost everything else. That is artificial and unhelpful. Having done that classification, it is unsurprising that we then feel the isolation which ensues and the fear of the other—in this example, technology. This is as good a case as any to argue for the pressing need for character education and creativity in the education process to enable resilience, self-reliance, self-belief, plasticity, flexibility, adaptability—everything that should always have been needed from education, and everything which, going forward, will be essential from education.

We should not be afeared. I say to my noble friend the Minister that I see absolutely no potential of her ever being replaced by a machine. Our start point comes from a classification, a division, which then inevitably leads to the social construct of the conflict between technology and humanity and between man and machine. Why should that be the start point? When you consider the internet of things, artificial intelligence, robotics and big data, this is a phenomenal time to be alive. When Wordsworth stood on Westminster Bridge, he spoke of a time to be alive. What would he have said about this time to be alive? With all this possibility and potential, why do we have a negative start point? At least the start point should be neutral, if not have some initial positivity, because all this stuff has the potential to solve so many of the problems currently facing society. It is transformational. Dare I go further? I believe that in many ways this alone has the potential to save our National Health Service. Pouring more money in does not solve anything. Looking at smart, innovative, transformational ways of doing things—that is where the magic is. But none of this will happen as a matter of course. That is why I think at best a neutral stance, if not a slightly positive one, is the right place to start with technology. By the same token, how we relate to and position ourselves to technology will determine how much of this potential is realised. Technology itself will not solve problems; rather our relationship with technology will do so. Take inclusion, for example. In 2014, 4,000 young people took A-level computer science. Of that 4,000, only 100 were female. That is not a problem of technology or of computers; rather, it is a problem related to stuff that was knitted in way before those young people got anywhere near the A-level options and choices.

The Deloitte report also highlights the stark statistic that 35% of jobs are in danger of automation. Does this mean that we are all heading towards a jobless future, with joy gone? I do not believe so because by the same token by the end of this decade—never mind the decades to come—we will need more than 1 million new jobs in the digital space. As the noble Lord, Lord Giddens, said, this is happening at a pace far faster than the Industrial Revolution. We are already well under way. But we should not be afeared. If we relate to technology in the right way, its possibilities can be released. I do not believe that we need to seek to control this process. We need to enable the fluidity and the flow to be free. We should determine general principles and the general direction and be happy with that—not afraid. We cannot know where this is going. But that should not be a cause of fear; we should be happy about not having complete knowledge or complete control. Look how things have developed in the past. It took decades after the discovery of electricity for it to really drive our society and economy. After the invention of the steam engine to pump water out of flooded mines, there was a great distance to travel until we got to Stephenson's "Rocket". It is what my noble friend Lord Ridley, who is sadly not in his place, describes as ideas having sex—the sense that you do not know what will come out. There will be dead ends and misconnections but stuff will come from that process if we just enable it and be happy for it to run its course.

The path is not clear but that is no reason for us to be afeared. It is not clear but neither is it merely paved with good intentions. We should strive forward with considered confidence into a future fuelled by technology and increased productivity. We should focus on our relationship with that world, not be on the outside looking in. To draw on those fine words of EM Forster, we should focus and "only connect".

8.19 pm

The Lord Bishop of Derby: My Lords, I, too, thank the noble Lord, Lord Borwick, for securing this debate; it is an important one. Regarding the contribution of the noble Lord, Lord Rees, I am not sure whether I am an AI evangelist—perhaps he can give me some advice afterwards on the criteria to fit into that role. I applaud the noble Lord, Lord Holmes, for his emphasis on being positive and confident.

It seems to me that the subtext of this debate is about change and how it is handled. As the noble Lord, Lord Giddens, made very clear, the outcomes are largely unknown but there is a general sense of the direction that technology is driving in. Given the slightly expanded time, and as a 19th-century historian, I cannot resist giving my own example: there are horrors that many people have seen, where technology

then comes to the rescue. In the 1880s, research was done in London showing that, with the increasing travel and increasing amount of horse manure, London would become totally clogged up with all the horse manure. Then, of course, along comes the motor car, horses disappear and the crisis does not happen.

I want to look at four perspectives on the change that this technological revolution is driving us towards, and I am going to have the temerity to suggest that the Minister might like to comment on these potential changes. The first thing we will have to look at is the changing shape of business, as it is business that largely invests in and develops technology. Some noble Lords will know that I do a lot of work in the areas of modern slavery, and sustainability and the environment. It seems to me that there are huge pressures on business at the moment to move from doing what we would call corporate social responsibility—helping out a bit with its profits—to new ways of audit and accountability that make business more of a global citizen and a player in the welfare of society through transparency in what it does and the positive way it tries to do it. It is going to be very important that, in this mode of being a global and a corporate citizen, business takes care to ensure that the benefits of technology are shared properly. That is what accountability will demand in the world in which we are set. The Government may have some comments on how this technological investment and development might be shared properly and on business changing its style, as it is doing at the moment.

My second perspective is about change in the role of work, which is an obvious one. There are of course, again, positive examples of new jobs, especially in the area of technology. However, in the world that I work in, jobs are less secure, they have to be more flexible and many people are on zero-hour contracts. Modern slavery is the second biggest crime in the world and is increasing massively; there is a really dark underside to the changes that technology is driving in the way that people have jobs. Another thing the Government might want to think about and comment on is what will be a responsible compact between business and workers in the future, as technology often requires workers to be extremely flexible, to be moved around and, perhaps, to be on very short-term projects. We are debating trade union legislation in this House at the moment; there will need to be a much more radical understanding of the relationship between business and workers.

The third area of change relates to the political context. The fact is, technological development is not neutral. It is very easy to look at it in a scientific mode and say that it is a neutral thing that can help us to stop having to do that heavy job and to increase our ways of getting a good agricultural return. However, technology has to be framed within a set of values, and we know in this House, as we do in Parliament generally, that people are withdrawing from engaging in the political process and are alienated from being part of it. We need a forum in which the values around which technology is developed can be debated and explored. The present political system is not fit for that purpose; we will need to have other forums such as civil society and local organisations. It will be a government responsibility to make sure that the values we hold, and around which technology is developed, are properly debated and explored.

My last point is about the change in welfare provision. From where I sit, besides all the positives, I see the disintegration of communities, the collapse of families, an ageing population, and more and more people living on their own. A friend of mine is a community nurse and her work practice has changed through technology. Instead of deciding who to visit and how long to spend with them and then writing up the reports at the end of the day, she has a program on her iPad: she has to be somewhere at a certain time and has to send off a report before she goes on to the next place. This technological efficiency totally cuts across the face-to-face pastoral engagement that people need for healthcare to flourish. It is the face-to-face element that we need to invest in if we are to have more people available for work. I am sure that bus conductors were very reassuring for people face to face; we do not want automated Japanese receptionists—we need a welfare system that runs with a strong face-to-face content. I raise these four issues of change that I think need to be thought about very carefully as we face the future of technology.

8.26 pm

Baroness Rock (Con): My Lords, I refer to the *Register of Lords' Interests*, as I am a non-executive director of the technology company Imagination Technologies. I add my congratulations to my noble friend Lord Borwick on securing this important debate, and I commend the authors of the Deloitte report for showing thought leadership on so pivotal an issue.

The report rightly concludes that technology raises our standard of living, increases productivity and creates jobs in new sectors. Indeed, politicians and economists the world over have long extolled the societal benefits of technological progress, globalisation and innovation. The report offers us numerous examples of the obvious benefits of technological progress. It is surely good that we rely less on raw physical labour, that there are more women in the workplace and that people can work until later in life. We spend less on food and less on clothes thanks to technology, innovation and their collective impact on lowering prices.

As many noble Lords will have read in the report, it is certainly true that technology threatens some jobs and industries but, overall, it can add to employment across the economy. As has already been mentioned, while some sectors, such as agriculture and manufacturing, have declined, others have grown. The number of technology managers has increased by a factor of 6.5 in the last 35 years and the number of programmers has increased threefold to just under 300,000.

Some will ask how the Government can predict, control or indeed lead innovation in our economy so that they can manage their employment policy accordingly. Given that inventors and innovators rarely know the end use of their work, as it combines with the work of dozens others to drive change, what chance government? What then should the role of government be? According to a recent World Economic Forum publication, 65% of today's primary school children will end up working in a job type that currently does not exist. Despite the sense of enormity that this statistic creates, education

[Baroness Rock]
is the right place to start, as many noble Lords have already mentioned. This is precisely what the Government should be focusing on: giving our children the strongest possible foundation so that they can succeed.

I am proud of this Government's record in helping to build this foundation. We have seen investment in science continue and we will see a further £6.9 billion invested in our research infrastructure up to 2021.

More particularly, children are now learning to code as soon as they start school and maths is one of the most popular A-level subjects. I know that noble Lords from all sides of the House will welcome the new National College for Digital Skills, which is opening its doors to students this autumn. It offers both sixth-form and further education opportunities in digital skills—future-proofing our children, as the noble Lord, Lord Giddens, mentioned, for whatever is to come. Education has for ever been cited as the best return on investment that a Government can get. Even as the pace of technological change seems inevitably to increase, investing in education will help us all keep up.

8.30 pm

Lord Addington (LD): My Lords, we should thank the noble Lord, Lord Borwick, for bringing this debate forward. This is a short report and it is probably fair to sum it up as having a fairly traditional view: that the invisible hand of the capitalist system will bring us to a nice answer. When the report talks about technology we should start by remembering that even if the whole of society benefits, there are always pockets left behind. The way that we deal with those pockets might be a better test of the society and how it works than looking at the overall picture, because you end up wasting a great deal of money when you leave people behind.

When you get rid of an industry, that leaves lots of men—it traditionally has been men—past the traditional age of schooling and without a structure behind them. When they are left behind, you cannot get at them culturally or put resources into retraining them to take on new jobs and enable them to move to where those jobs might be placed. You will pay for that problem for a very long time, particularly if they leave a family behind who do not think that you are supposed to pass exams or have a job. This is just one of those things which we have to deal with. It is not new but it is continuing and unless we address it, the rosy words that go around the rest of this do not really mean much.

Having said that, I come to the point of technology and my own relationship with it. When it comes to new technology, I have been using, in my day-to-day life, stuff that was science fiction when I was a child. I use voice-operation technology because I am dyslexic. Any letter which I have sent to any Member of this House has been sent by talking to a metal and plastic box which is technically attuned to pick up the vibrations in the air and translate those into words that are printed on a screen or paper. Thirty years ago, this was pure science fiction, such as in "Star Trek", where they had a chat to the computer on the wall. We have not quite got round to having sarcastic comments back from it yet. I might also point out that there are certain mistakes which only these things can make. Although I can now spot them as they come out, I have become something of a master of sending letters with a wrong word that sounds just about right but means something completely different—so none of this is perfect.

We have to be trained to use this new technology and, as the rate of change goes on, to be better at intervening to top up the training. The noble Baroness, Lady Rock, spoke about education. The traditional model of education, where you go through various points on a conveyor belt, simply does not apply if you are to get to all those who are difficult to reach in society, or if we change the criteria by which we want people trained, because what we want them to do has changed. We have to get more flexible about this.

I should also declare another interest: I am chairman of the company Microlink, which deals with technical changes for those with disabilities, primarily in adaptation. We find ourselves having to do this frequently and often later in life because many of the conditions that we deal with are age related. But unless you intervene at certain points to keep the skills that people have, and to give them new skills to allow them to go back in, you are always going to create waste and have people left behind on the scrapheap. So although the innovation and the chances to make great change are there, they do not come totally free or sugar-coated. You are going to have to make changes to get through this, while relying on the fact that you will leave problems behind you.

That is probably why I felt that the tone of the report was a little glib. It assumes that everything will be great in the end. What do you do with the casualties of the change, or with the out-of-date ideas that are dominating your education system? Even where things can be changed, I have had numerous battles with the education and training programmes that state, "You must be able to write English". The fact is that they have been excluding dyslexics, but that is only one group; others have problems with literacy as well. We have the technology to allow them into the system to get the information back, forgetting that reading and writing is a way of transferring information. It is not some voodoo thing that separates us from the savage but a way of conveying information. Unless we start to think in slightly different ways about the opportunities of technology, we will leave more and more people behind—and possibly even more of them if we do not adapt to the way that we change its use. These are the challenges that we must embrace and remember because if we do not, we will not get the full benefits.

8.36 pm

Lord Fairfax of Cameron (Con): My Lords, unlike some Members in other contexts, I would like to declare an interest today. It is the interest that I have had in this subject for 35 years, including when I first spoke on it when I was in this place before, in the early 1980s. When I was at Cambridge, I had a great and very close friend who worked in the Sanger lab at the MRC. He was a very distinguished young scientist, and we had a bet at the time. As a non-scientist, I was

betting against a very sophisticated scientist about whether the Turing test would be passed in our lifetime—Philip and I are the same age. I cannot remember how much we bet, but I bet that it would be, while he, as a very sophisticated scientist, said, "No, there is no way it will be". There are those who believe that the Turing test has already been passed. I do not know whether it has—perhaps the noble Lord, Lord Rees, will have a better view on this than I do—but it is arguable that it has been passed already. I think that little story says something.

When I spoke 35 years ago in this place on this subject, I was predictably derided by some Members—perhaps too myopic to imagine the future—as a Luddite. Now I am pleased to see that the social and employment effects of the digital revolution are being seriously discussed by serious people, including by some who themselves are at the very forefront of it. I thank my noble friend Lord Borwick for bringing this important subject for debate today and the Government for their thoughtful initial engagement. I do not wish to upset my Whip, but I regret to say that I am not nearly as optimistic as my noble friend. In this regard, I remind your Lordships of the definition of an optimist—some people say it is someone who is not in possession of all the facts. I suggest again that that might be relevant when we are discussing this subject today.

This has been said before, but I am grateful for the recognition that things may be different this time. This is a view shared by several serious commentators, including, I see from the briefing pack, the *Economist*. I will not detain your Lordships by trundling out too many statistics, but noble Lords will have seen in the briefing pack the threat from the digital revolution and from artificial intelligence—which I do not think, unless I am blind, was mentioned at all in the Deloitte report, which is an extraordinary lacuna in my view. The threat from DR and AI to jobs and social stability is potentially alarming. Some of your Lordships may have read this already, but 47% of US jobs, 57% of OECD jobs, 69% of Indian jobs, 77% of Chinese jobs and 47% of UK jobs may be susceptible to automation. As I think the noble Lord, Lord Rees, and others have said, this of course includes the professions. Indeed there was a recent book on precisely this subject, called *The Future of the Professions*. It describes the fact that, as other speakers have said, particularly when you have AI that is constantly improving itself, it is not too great a leap of the imagination or a Luddite thought that those professions—not just accountants—could soon become surplus to requirements, in the sense that they will be replaced by artificially intelligent machines. As Henning Meyer of the LSE puts it,

> "if only a small part of the well-founded predictions become reality then we are facing the prospect of major political and social upheaval".

As the briefing pack points out, expressing a view that I share, despite the best intentions and efforts of the Government and businesses—for example, the good page with a lot of detail on it headed "Action for future skills", on promoting the great importance of education, retraining and worker flexibility—the digital revolution and artificial intelligence bring a real threat of large-scale social disruption. Some fear this may lead to large-scale unemployment or underemployment, and discussion has arisen of the possible need, as your Lordships have heard, of what I believe some people are calling a universal basic income. But who is going to fund this? If the tax base shrinks dramatically, where is the funding for this universal basic income going to come from? Will it just come from the few individuals, companies or corporations who will dominate the world? Your Lordships do not need me to name some of those who have already established a dominant market position.

These are big, serious and challenging questions for the Government, business and workers to confront. I genuinely applaud the Government for starting to engage seriously in this debate. I must be quick, as I see six minutes have gone already, but I will just say a last word about artificial intelligence. This is probably a subject for debate in 30 years' time rather than now, but if any of your Lordships want to see a snapshot of the future, do view the film "Ex Machina", because it really gives an idea of where we may be going.

8.43 pm

Lord Mendelsohn (Lab): First, I congratulate the noble Lord, Lord Borwick, on introducing this debate, He has been a very keen observer of developments in business and technology, and it is characteristic of him to introduce such an interesting topic to this House and to keep our attention on the challenges of the future. I also congratulate Deloitte not just on an excellent report but on encouraging this debate and keeping our attention on the challenges of the future. It has done an outstanding job in this and other reports.

Many will be familiar with the view expressed by Mao, when asked how he evaluated the French Revolution. He replied that it was too early to tell. Tonight, we are being asked to evaluate whether the Luddites actually have a point, some 200 years later. The question comes down to this: are today's technological innovations like those of the past, which made obsolete some jobs but made new ones, or is there something about today that is markedly different? My noble friend Lord Giddens made a very good point in distinguishing between advances in some forms of science and technology, particularly consideration of the digital revolution and automation, and their likely impact. They raise questions that we may not be able to address with the same positive confidence that the report expresses.

The question is no longer: are machines getting so smart that we no longer need unskilled labour to operate them? Recently, the chief economist of the Bank of England, describing the results of a Bank of England study into the impact of technology on jobs, made a very worrying statement. He said:

> "Technology appears to be resulting in faster, wider and deeper degrees of hollowing-out than in the past. Why? Because 20th century machines have substituted not just for manual human tasks, but cognitive ones too. The set of human skills machines could reproduce, at lower cost, has both widened and deepened".

The numbers that he cites are stark: 15 million jobs at risk out of a total workforce of about 30 million. That presents a considerable challenge.

[LORD MENDELSOHN]

Change always causes concern, but this debate is important and useful because it requires us to consider carefully what we must do to make ourselves properly adaptable and how we address the future. Indeed, the challenges are not just about the impact on jobs but the overall impact on economic activity and how each part of society benefits or loses from it. It also raises profound challenges, such as long-term unemployment, economic consequences of ageing and democracy and even the challenges of what we will do with large amounts of leisure time.

We also know that technology has created a debate about widening inequality, and the spectacular rise of the top 1%—or even the top 10%, in a different evaluation—has caused great alarm. Many people ascribe this problem to technology. Technology seems to have an impact, but it is less than people expect. If we look at the evaluation of jobs in America, the number of technology jobs in the top percentages is quite small. Under 5% of workers in these areas are in the top 1% of earners. The evidence suggests that elite inequality is the result of the lack of open access and market competition in elite investment and labour markets. This helpfully reminds us that technology is not always to blame for every ill we have to face, but is also a sharp reminder that it may not be as much a part of the solution as we would hope.

So what should we do when we do not have the certainty that we would need to work out how we face the future? We have to invest in that which we know works and that which delivers adaptability.

We must consider two areas carefully. One is of course skills and the other is our investment in technology and science, as the noble Baroness, Lady Rock, ably explained during her oration. For the UK economy and workforce to continue benefiting from technology, investment in training, education and skills is vital.

The latest Deloitte report on technology and people does not provide a silver bullet to ensure that people, especially low-paid workers, and the development of technology grow together harmoniously, but it stresses the importance of skills, particularly in the context of an ever-more globalised economy. It is stated that:

> "Technological growth, and the accompanying changes in business models, make the continuous adaptation of skill sets absolutely fundamental for successful participation in the labour market. More so than ever before, individuals that are not willing or able to do this will face being left behind".

We also really need to invest in that where we are strong. We have an extraordinary science and technology base in this country. We have invested in it. I pay great tribute not just to the noble Lord, Lord Sainsbury, who did a tremendous job, but to this Government for continuing it.

I recently had the very great pleasure of going to Harwell, the laboratory in Oxford run by the Science and Technology Facilities Council. I saw the amazing facilities that we have there: the amazing Diamond Light Source producing a stream of electrons to create light 10 billion times brighter than the sun, to be able to look at anything from viruses to vaccines, a synchrotron creating a flow of neutrons for study of materials at the atomic scale. We have a world-leading facility: there are three facilities of that type in the world. There is a space centre providing for the most extraordinary achievements. We have great companies springing out of it and using the facilities to get better.

We have great ideas turning into great products. It is creating jobs. The fear is that the sort of jobs that we are creating—the technicians and other jobs supporting those areas—are not going to people who are educated or even born in this country. Recruitment is going far too much overseas because we have too few who have been directed into those areas. That is the challenge that we have now.

Finally, at the end of this excellent debate, we should doubly thank the noble Lord, Lord Borwick, and Deloitte for raising this debate. They have presented an interesting issue. The Luddites would probably ask the wrong questions and probably gave the wrong answer. It is our challenge to do better.

8.49 pm

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills and Department for Culture, Media and Sport (Baroness Neville-Rolfe) (Con): My Lords, I, too, thank my noble friend Lord Borwick for securing this debate and Deloitte for its report. We have had a wide-ranging discussion on some of the opportunities and, rightly, some of the challenges that advancing technology presents. I enjoyed the regal veto to the patenting of an Elizabethan stocking machine. I will check the next time I visit my colleagues at the National Archives to see if I can answer his question. I was also fascinated by the cheerfully dressed robo-receptionist in Japan—very James Bond. But can they provide the eye contact which makes for good customer service? On that point, I was struck by the comments of the right reverend Prelate the Bishop of Derby about how changes in community nursing might cut across face-to-face pastoral care. I also thought he was right to emphasise the role that business can play in passing on the benefits of technology to staff and developing responsible supply chains.

This has been an extremely interesting, thoughtful and unusually long-term analysis by noble Lords right across the House, and I am grateful to my noble friend Lord Borwick for inspiring it. Technology has advanced at a tremendous pace. I suspect that most of us, when we think about it, possibly consider that everything in life around us is speeding up. That may be only an illusion, perhaps one of the depressing effects of increasing age, but it seems not just to be an effect of age. It seems inevitable that technological change will continue to astound us. Whether the effects of that change will be close to the suggestions in the Deloitte report is another matter. If we could look into the future clearly, we could all retire and bookies would be bankrupt. That appears not to be the case now, nor likely to be the case any time soon. That said, the report makes a number of suggestions and guesses that are sensible.

Great advances in technology are nothing new; such advances have been a feature of our economy for centuries, from the spinning jenny—a particular favourite—to railways, the internal combustion engine, electricity and the world wide web. These advances in technology—many of them British, I am proud to

say—have brought about huge changes to our society and the world, and the net balance has been overwhelmingly positive.

Of course, there is a serious point here. Given the likelihood of radical change, what are we in the UK doing to prepare ourselves for it, especially in the area of training and education? I believe that how this will play out goes well beyond the scope and powers of any Government, and I share much of my noble friend Lord Patten's scepticism about BIS overexpanding to try to anticipate all the changes that we have, or to pick winners, as some Governments have sought to do in the past. But government must do its bit as best it can, and I turn now to what we have done and intend to do in the light of our best appreciation of the future. These are naturally reflections of the present position and may need to be adapted over time.

The noble Lord, Lord Mendelsohn, and my noble friend Lady Rock were right to highlight our success in this country in R&D, and I particularly liked the example of Harwell. I refer, too, to Innovate UK. Since 2007, it has invested around £1.8 billion in innovation, matched by the private sector, which has returned between £11.5 billion and £13.1 billion to the economy. Innovate UK has also supported innovation in nearly 8,000 organisations, creating around 55,000 new jobs. The Government are committed to the Catapult network, and have prioritised funding support for it in the recent spending review. That means leveraging our brilliant R&D communities, which have been mentioned, by commercialising new and emerging technologies, bridging the gap and turning new ideas into innovative products and services. Life is changing with 3D printing, the internet of things, genomics and artificial intelligence, including chatbots, as my noble friend Lord Patten said.

The noble Lord, Lord Giddens, rightly spoke of the great wave of digital change, the sheer speed of the latest revolution, the widespread implications and the need to track the change. I am a huge fan of evidence-based policy-making, so I particularly like that last point.

The noble Lord, Lord Rees of Ludlow, was right to add other developments such as machine learning, typified by that extraordinary Chinese game of Go, sensors in the medical sector and driverless cars, which all correctly form part of our debate.

The Government are also building four new university enterprise zones in Bradford, Bristol, Liverpool and Nottingham, where universities and business work together to increase local growth and innovation. The centres are expected to create nearly 2,300 jobs in high-tech small businesses by the 2020s.

Of course, it is important that we are responsive to the changes innovation can bring. In the labour market, our employment law framework is deemed by the OECD to be one of the most flexible, allowing employers and workers to adapt to new models of work and progress. We have introduced the national living wage, which will benefit millions of low-paid workers by 2020 and help them to share in technology and growth. Universal credit is beginning to revolutionise the welfare system. Our flexible labour market has proved that it is resilient to shocks, and at 74% our employment rate is at its highest since comparable levels began.

Technology has played a part in making it easier to work flexibly and for a wider range of people to participate in the labour market—for example, those with young children. The noble Lord, Lord Addington, mentioned the benefit that technology has brought to him as a dyslexic. We are very grateful for the contribution he made to policy on learning difficulties with his amendments to the Children and Families Bill. Indeed, it is partly due to the benefits of technology, which I found very valuable as a working mother, that the employment rate of single mothers has increased so much over recent years and that the employment rate of disabled people has significantly increased over the past two years, with almost 300,000 more disabled people in work.

It is critical that future members of the workforce are equipped with the skills they will need in the future and those which employers will want. The noble Lord, Lord Fox, rightly talked about the importance of the education system. I was interested to hear his ideas for increasing the study and raising the status of STEM in schools. Of course, schools are now legally required to provide independent careers advice, and there are a number of initiatives to encourage STEM such as Tomorrow's Engineers Week and Your Life to encourage the study of maths. I was lucky enough to study maths, but I went to a convent, and I never did any physics from day one to the day I left. That would not happen now, I am sure. Now 40% of our STEM ambassadors are female.

I am especially grateful to my noble friend Lord Holmes for his kind prediction that I will not be replaced by a machine. My noble friend Lord Fairfax of Cameron will be interested to hear that I trained as a company secretary. The Deloitte report states that the number of company secretaries has halved, but I have been saved by your Lordships from being made entirely redundant.

Gaining the skills we need begins at school. My noble friend Lady Rock rightly pointed out that the English curriculum now includes coding. That will help us to deal with her prediction that 60% of the jobs that people will be filling do not currently exist.

Beyond school, we are introducing ground-breaking reforms to technical education, which we hope will set England's post-16 education system on a par with the best in the world. The apprenticeship levy will fund a step change in apprenticeship numbers and quality, delivering on the commitment that there will be 3 million additional apprenticeship starts by 2020. Our revolutionary reforms to the apprenticeship system will result in workers with the high-level skills that employers need. In addition, the creation of a new network of specialist training providers, including national colleges and institutes of technology, will help to address technical skills gaps and shortages in industries and sectors that are critical to the economy.

I should respond to the question from the noble Lord, Lord Haskel, about the Bean review of economic statistics, measuring Uber and so on. We endorse the recommendations of the independent review, and we have announced that we will invest more than £10 million in a new ONS data science hub and a centre for

[Baroness Neville-Rolfe]
excellence in economic measurement. It is correct that our statistics may be missing aspects of the internet revolution.

I agree with my noble friend Lord Borwick about the benefits of technological advancement and innovation. I am optimistic that the UK's economy and the labour market have the potential to embrace these changes and benefit from them. We are a resilient and talented nation. The world will continue to evolve, but this Government are continuing to back innovation and we are taking the action needed to equip people with the skills that they need for an uncertain future. I thank noble Lords and my noble friend Lord Borwick for this debate.

House adjourned at 9.01 pm.

Volume 771
No. 134

Wednesday
13 April 2016

CONTENTS

Wednesday 13 April 2016