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HOUSE OF LORDS
OFFICIAL REPORT

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

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House of Lords

Friday 22 April 2016

10 am

Prayers—read by the Lord Bishop of Peterborough.

Criminal Cases Review Commission (Information) Bill

Report

10.06 am

Report received.

Road Traffic Act 1988 (Alcohol Limits) (Amendment) Bill [HL]

Report

10.06 am

Clause 2: Extent, commencement and short title

Amendment 1

Moved by ***Lord Brooke of Alverthorpe***

1: Clause 2, page 1, line 12, leave out "Sections 1 and 2" and insert "Section 1"

Lord Brooke of Alverthorpe (Lab): My Lords, I shall speak also to Amendment 2 standing in my name. These amendments are consequential to the amendments I moved in Committee. Technically I should have moved them then, and I apologise for not having done so. However, the merit of moving them now is that I have the chance briefly to express regret that in Committee the Minister firmly reiterated the Government's unwillingness to support this Bill, notwithstanding that it seeks simply to bring us into line with what is happening in Scotland, Northern Ireland and Wales in reducing the drink-drive alcohol limit from 80 to 50 milligrams per 100 millilitres of blood.

The UK, where motorists can drive between three countries, should surely have common laws in this regard. That is logical and pure common sense, and I cannot understand why so often the Conservative Party allows itself to end up in the same bed as UKIP. As the Minister knows, that party is now campaigning in the forthcoming Scottish parliamentary elections on a manifesto that wants to lift the Scottish drink-drive limit of 50 back up to 80 milligrams, and of course to reintroduce cigarette-smoking rooms in pubs. Surely we do not support that—I hope not—and nor will the general public or motorists. RAC and AA polls now consistently show a majority in favour of reducing the limit of 80 milligrams, as do many police and crime commissioners, the National Police Chiefs Council, the Local Government Association and most other health, accident and road safety bodies and services.

Lord Robathan (Con): The noble Lord makes the assertion that the general public would support his Bill. I have to say that in 23 years as a Member of Parliament nobody ever came to me saying that he or she wanted a reduction in the alcohol limit—in fact, rather the opposite.

Lord Brooke of Alverthorpe: I am grateful to the noble Lord for his intervention, but times are changing. A lot of things were different 23 years ago. My noble friend Lady Hayter on the Front Bench says that she wrote to the noble Lord. I will leave him to sort that one out afterwards.

In Committee on 11 March, the Minister stated:

"The Government … maintain … that lowering the limit in itself is not going to change people's behaviour".—[*Official Report*, 11/3/16; col. 1571.]

With respect, that is wrong, as Scotland is proving. The Scottish drinks and hospitality industries certainly share that view; otherwise, why are they so up in arms about the change that has taken place? Is the Minister aware of their protests and the reason for them? Is it not because a cultural change is truly coming through in Scotland?

Lord Anderson of Swansea (Lab): Is this not a case similar to that of plastic bags in supermarkets, where the devolved nations and regions led the way and in a populist stance the Government, only in a very tardy way, followed the precedent set by Scotland, Wales and Northern Ireland?

Lord Brooke of Alverthorpe: I am grateful to my noble friend for that helpful intervention and I share his view. Unhappily, many deaths, accidents and injuries still occur as a result of drinking and driving. As I have argued previously, there has been little change since 2012—in fact, there has been a plateau—and the Government's current policies are not really making any great difference. Therefore, I believe it is time that the Government themselves—I am seeking to help them in any way I can—embraced and encouraged such a change. The fact is that the drinks and hospitality industries will have to face up to the fundamental shift in opinion and culture that is starting to take place.

Lord Forsyth of Drumlean (Con): This has had a very damaging impact on the hospitality industry in Scotland, as the noble Lord said earlier. Will he tell the House how many jobs he would expect to be lost if his proposals were carried out?

Lord Brooke of Alverthorpe: I am grateful for that intervention but I cannot give a precise figure. However, if the noble Lord will be patient, I will come to tell him not only how the number of jobs in the hospitality industry will be secured but will, I hope, be increased.

The simple fact is that the drinks and hospitality industry will have to change its attitude, as it had to do with the smoking ban—when people talked about all the jobs that would disappear and said that it would be the end of the world when smoking in public places was stopped. The industry should not be plying drivers with alcohol but encouraging patrons instead to have

[Lord Brooke of Alverthorpe]
a non-drinking driver. It should look to improve—this is where I come to the answer to the noble Lord's question—its competitiveness to attract more customers than it is at present. It is not this legislation that is the biggest threat to the industry. The biggest threat is cheap booze that is sold in supermarkets and off-licences, which leads to people drinking more at home rather than going out. The industry's competitiveness is, in the main, weak at the moment because it has to sell alcohol in hotels and pubs at quite high charges compared with supermarkets and off-licences. If, as the Prime Minister wanted, the Government were prepared to undertake and embrace higher minimum unit pricing to have a level playing field for competitiveness, the industry could look forward to getting more people back into pubs and clubs. They would not buy so much in off-licences and supermarkets because drink would no longer be so cheap there.

Lord Grocott (Lab): Does my noble friend not have a slight unease at any social policy that is being determined by price, which absolutely inevitably is of no consequence whatever to people who are better-off but substantially affects the less well-off?

Lord Brooke of Alverthorpe: I am grateful to my noble friend for that intervention. I do have that concern, but equally I have a very big concern about the cost to the National Health Service and the whole country. That cost bears down on the shoulders of all sections of the community.

Lord Cormack (Con): I am sympathetic to what the noble Lord is advocating, but he is making a Second Reading speech. If he could explain to us the purpose of the amendments, that would be extremely helpful.

Lord Brooke of Alverthorpe: I was endeavouring to be brief but I did not expect so many interventions. These are technical amendments that follow from those I moved previously. They are straightforward and I am sure there will be no objection to them from the Minister. I am probably going beyond my brief at this point in the debate but I hope I can encourage the Minister to be more supportive than he has been so far, and that the Government will give some stronger leadership. Coming back to Scotland, I think the Minister is in favour of an evaluation taking place there. Will he tell the House when that is likely to start and when it is likely to report? I beg to move.

10.15 am

The Parliamentary Under-Secretary of State, Department for Transport and Home Office (Lord Ahmad of Wimbledon) (Con): My Lords, I would like to thank the noble Lord, Lord Brooke—that is what my notes say—but I extend my thanks to all noble Lords who have contributed to this Bill and debate. I will be brief.

As my noble friend Lord Cormack rightly pointed out, the substance of the amendments is to seek to clarify the language of the Bill following the changes which were previously approved in Committee, as the noble Lord, Lord Brooke, mentioned. As I have previously set out, although the Government's position remains not to support this Bill to lower the drink-drive limit, these amendments are sensible and helpful clarifications to the language of the Bill. Let me reiterate that drink-driving remains a very important issue, and although the Government have no plans to lower the drink-drive limit, we will continue to support the police in their rigorous enforcement efforts against all dangerous drivers.

To pick up on one point about Scotland, as the noble Lord will be aware, and for the benefit of all noble Lords, of course we are looking very closely at the situation there. My honourable friend Andrew Jones, the Minister with responsibility for roads, is already in contact with the Scottish Government and they will be meeting in due course. We welcome any substantial evidence from the Scottish Government, and they can provide that at any time. However, I once again reiterate that it is not the Government's position to lower the limit. That is really all I have to say.

Lord Forsyth of Drumlean: Before my noble friend sits down, will he perhaps indicate whether the Government have any view on the impact of this Bill on jobs, particularly in pubs and the hospitality industry? Of course, what it would mean is that people would no longer go to the pub at all, which has been the experience in Scotland. In looking at this, will he very carefully consider that balance? As far as the safety of motorists is concerned, will his department turn its attention to the scandal of people driving under the influence of drugs and not being brought to account for it, which seems to me to be a far greater problem than people driving within the legal limit at present?

Lord Ahmad of Wimbledon: As ever, my noble friend raises the important point about the wider economic impact. That is why the Government are considering their position in this regard—

Lord Hughes of Woodside (Lab): If one follows the view put forward by the noble Lord, Lord Forsyth, we should be changing things in the other direction so that people can drink as much as they like because that would help the drinks industry. Is that what he is saying?

Lord Ahmad of Wimbledon: I am sure I speak for my noble friend when I say categorically no. I am sure that if the noble Lord reflects on my noble friend's remarks he will see that that is not what he was suggesting. What we are saying is that we will observe the current status quo. I have already indicated that we are talking to the Scottish Government. I was going to make a point on the issue raised by my noble friend Lord Forsyth about the wider economic challenges that a lowering of the limit poses. Of course that needs to be considered in any decision being taken. As I said, it is entirely appropriate, and I think right, that we observe what the situation in Scotland is. I should, for the sake of completeness, declare a personal interest in that I do not drink myself. Nevertheless, I understand and appreciate that the notion of someone having a small drink at lunch time is one that many people, not just in this House but beyond, quite welcome.

Lord Berkeley (Lab): My Lords, if the Minister is going to look at further evidence on the effect of lowering the alcohol limit on people driving to pubs, could he look at evidence relating to people, including younger people, not drinking alcohol but still driving to pubs with other people who may drink? There is evidence that suggests that some younger people are much more responsible than older people when it comes to drinking and driving.

Lord Ahmad of Wimbledon: As someone who during his university days was often the driver for others who were merrier in the car, I can perhaps reflect on a personal dimension. Of course, the noble Lord is quite right that we need to consider the full impact of that and to look at the evidence base as presented.

Lord Brooke of Alverthorpe: My Lords, I thank those who have intervened in this short debate. I am grateful to hear from the Minister that positive steps are now being taken to embark on a discussion with the Scottish Government.

Amendment 1 agreed.

Amendment 2

Moved by ***Lord Brooke of Alverthorpe***

2: Clause 2, page 1, line 12, leave out "come" and insert "comes"

Amendment 2 agreed.

House of Commons Members' Fund Bill

Second Reading

10.21 am

Moved by ***Lord Naseby***

That the Bill be now read a second time.

Lord Naseby (Con): My Lords, it is important that I declare two interests. First, I had the privilege of being the Member of Parliament for Northampton South for 23 and a half years and I am in receipt of a pension. Secondly, I am a trustee of the Parliamentary Contributory Pension Fund, known as the PCPF, and have been for some years.

It might help your Lordships' House if I gave a bit of the background to the Bill. The House of Commons Members' Fund was established in 1939 before there was a pension scheme, which was itself established in 1964. The whole idea of the fund was to help former Members and their dependants who faced financial difficulty. Its original purpose was to provide those former Members, their widows or widowers and orphan children with a discretionary grant in lieu of a pension. Subsequent amendments over time allowed grants to be made to alleviate hardship, gave trustees greater discretion and introduced an "as of right" payment for certain Members who left the House before the Parliamentary Contributory Pension Fund was established.

There have been two previous attempts to bring the fund up to date, made by my colleague, Peter Lilley MP, who is a trustee of the members' fund, but those both failed. On 4 November last year, Sir Paul Beresford, to whom I pay tribute, presented under its previous title the Bill that is before us today. He explained that the Bill would empower trustees to cease requiring contributions from Members and to return surplus funds to the Treasury. It would extend the class of beneficiaries to assist all dependants of former Members who experienced severe hardship. It would also allow one of the trustees to be a former Member of Parliament.

It is not my intention to go through all the clauses of the Bill, but it is right just to specify the three categories of beneficiary that would arise from it. First, there are the "as of right" recipients. As I said, there were no pensions prior to the PCPF being set up in 1964. Thereafter, those who left the House from October 1964 onwards and had served 10 years or more were entitled to a pension for themselves or their widow or widower. The fund pays those who left the House earlier or without the necessary 10 years' service and their widow or widower as an "as of right grant". Currently, that is set at £6,132 per annum for ex-Members and approximately £3,835 for their widow or widower.

The second category is widows. Widows can receive top-up pensions. 1n 1991, the PCPF pension to the widow or widower was increased from one half of the Member's pension to five-eighths, but it applied only to Members who had left after 1988. The trustees decided to make good the apparent oversight of widows or widowers of Members who had left before this date by making a discretionary payment from the fund to top up their PCPF pension already in payment from one-half to five-eighths of a Member's pension.

The final category is hardship/discretionary grant recipients, who receive either a one-off or a periodic payment which is paid entirely at the discretion of the trustees where they consider that an individual satisfies the requirements of the legislation. The legislation allows the trustees to make periodic or other payments to the widows, widowers or orphaned children of former Members as those trustees think fit, having particular regard to the circumstances of the person to, or in respect of whom, the payments are made. Essentially, these payments are made on a financial hardship ground. Your Lordships' House, particularly its former Members of Parliament, will understand that these demands, given the existence of the current pension fund, have reduced substantially. At this time, just under 50 people are in receipt of one or other of the three categories that I have mentioned.

I turn to some of the key points that arise from the Bill. Your Lordships' House needs to be clear that this is not a government Bill, nor is it a government hand-out Bill; it is a House of Commons management Bill. The Bill is not new—as I have already said, two earlier attempts fell, principally for lack of time.

I imagine that your Lordships' House will be interested in some of the figures. Payments in the last financial year came to around £137,000. Against that, the fund stands now at just over £7 million. At present, the fund is drawn from the compulsory contributions from Members, earnings from its investments and an

[Lord Naseby]
annual contribution from the Treasury of £215,000, whereas the Members' contributions amount to £15,000 per annum.

The Bill will remove the requirement under existing primary legislation for Members to make monthly contributions of £2. However, the Bill also enables the trustees to recommend resumption of contributions if they should ever be needed in the future, at no more than 0.2% of pay. The trustees also have the right, if they agree, to return any surplus funds to the Treasury, and I understand that they have requested this discretion.

The Bill will extend the class of beneficiaries to assist all dependants of former Members who experience severe hardship. It will also remove the requirement for trustees to be current MPs. I am sure that the House will agree that it seems sensible for the trustees to ask, for example, for the Association of Former Members of Parliament to nominate one trustee. In addition, that will enable the trustees to get over the problem that arises when, at a general election, a number of Members who are trustees lose their seats. The Bill will allow such former MPs to remain as trustees temporarily until they are formally replaced. Finally, in Clause 9, for efficiency reasons, the Bill will amalgamate various Acts.

I turn to the deduction from Members' salaries, a point I suspect former Members always find interesting. If we go back in time to 1939—I doubt anyone here can remember that—the provision then was for a £12 per annum contribution. That was increased to £18 by a resolution of the House on 18 July 1957 and to £24 on 17 May 1961.

Lord Forsyth of Drumlean (Con): Could this be the earliest example of check-off?

Lord Naseby: It is not for me to comment on that one, I think.

As I have said, any contribution cannot exceed 0.2% of annual salary. Clause 5 also empowers the trustees to vary the amount deducted from Members' salaries by direction.

However, the news is really quite good in so far as it is proposed that the Government's contribution from the Treasury should now be removed. It is limited to £215,000, as I said, but there is already £7 million in investments, which is more than enough to cover the current payment of the £137,000 that I talked about. It is therefore proposed that just over £1 million be repaid to Her Majesty's Treasury.

It is also proposed that there be no contribution from Members. I should make it quite clear that there is a provision within the Bill that it can be reintroduced if trustees so recommend, at no more than 0.2% of salary. I hope that, with that explanation, my colleagues will be able to reflect on the importance of the Bill to all those who would be potential beneficiaries. I beg to move.

10.32 am

Baroness Hayter of Kentish Town (Lab): My Lords, I thank the noble Lord, Lord Naseby, for introducing this measure both succinctly and clearly, which helps the House. We are happy to support the Bill, and in doing so we pay tribute to those who had the foresight and solidarity to establish the fund initially back in 1939 when there was, sadly, the need for such provision. Happily, the pension provision for MPs is rather more generous today, so the demands on the fund are correspondingly fewer.

As foreseen by the noble Lord, Lord Forsyth, we cannot help but note that many trade unions started in a similar way—as an act of solidarity by a friendly society or trade union. Indeed, check-off started in exactly that way, which of course the Government are now seeking to stop in relation to trade unions if it is paid for out of public funds. We have heard that these contributions will probably no longer be demanded from MPs; but if they are, perhaps the Minister will confirm that their collection will be without cost to public funds.

I have only three questions on the Bill, which I think are probably more for the Minister than for the sponsor to answer. First, am I right in assuming that the appointment of trustees is effectively done through the usual channels? Secondly, what provision is there for reporting, not on individual cases of course, but on the sorts of things that the noble Lord, Lord Naseby, just spoke about, such as the numbers affected and the performance of the fund? What provision is there for the reporting of such things either to MPs collectively or via any committee thereof?

Thirdly, given that it is now good practice for virtually all charities, non-governmental organisations and indeed boards and committees for terms of office to be time limited, do such good practice guidelines apply to the appointment and terms of trustees of this fund? With those questions, although this is not an official government Bill, the official Opposition are happy to give it our best wishes.

10.35 am

Baroness Chisholm of Owlpen (Con): My Lords, I thank my noble friend Lord Naseby for introducing the Second Reading of this Bill today. As noble Lords have heard, calls on the fund have diminished over the years since the introduction of the parliamentary pension scheme. There are, on average, 45 applications each year, and it is discretionary with the trustees whether they are successful. Each year some applications are rejected. Nevertheless, I am sure your Lordships will agree that this fund is an important resource for retired Members and their families should they find themselves in financial hardship.

As my noble friend Lord Naseby stated, the Bill will introduce the required adjustments to the fund's former outdated legislation but allows trustees to continue to focus on serving the fund's benevolent purpose. The changes being made are largely technical, aiming to simplify the fund and the associated administrative burden. This will make the fund easier to administer and allow the trustees to spend more time on the fund's main objective, which is to assist former Members and their dependants in financial need, rather than be burdened by the peculiar legislative requirements, many of which are time consuming and costly, added to which the fund will be independent of Treasury support.

As my noble friend said, other benefits resulting from the legislation are: the cessation of Member contributions while there is a surplus; allowing the trustees to return surplus funds to the Treasury; an amalgamation of various Acts to create one set of governing regulations; the removal of the requirement for all of the trustees to be MPs; and widening the class of beneficiaries who can claim assistance.

The noble Baroness, Lady Hayter, made three points. I can confirm that appointments of trustees is done via the usual channels. Secondly, she said that it was important for people to be able to see where the money is spent. Audited accounts are publicly available annually. Her last point about trustees' terms being time limited is important, particularly nowadays, and that will certainly be discussed as the Bill goes forward.

In summary, this is a vital step forward for the fund and its trustees. It is envisaged that the fund's legislation will be fit for purpose for the foreseeable future, meet the modern-day demands of the fund and continue to assist those former Members and their families most in need.

10.38 am

Lord Naseby: My Lords, I thank Her Majesty's Opposition for the support they have given the Bill. This is not particularly relevant to the Bill, but I reflect that, just over 50 years ago, I stood in a general election for Islington North—a seat well known to the Opposition—and now stand here with what I think is a very important Bill today.

For the record, I think the noble Baroness is correct that the trustees need to think about some form of report to both Houses. Certainly since I have been on the PCPF, we as pension fund trustees have gone a long way to try to communicate with all our pensioners past and present. I will look at that in conjunction with my noble friend on the Front Bench as we take the Bill forward.

Lord Hamilton of Epsom (Con): My Lords, I am sorry to interrupt my noble friend. This is an important and necessary Bill. Is it not a bit late for it to go through this House? Does he anticipate that it will get on to the statute book, and what is the process between now and Prorogation?

Lord Naseby: My noble friend is right to say that it is late in the Session; nevertheless, I would not have taken up the Bill had I thought it was not going to be successful. We have had discussions across the channels in the usual way. My understanding is that if the House gives the Bill a Second Reading today, reasonable time must then be allowed for those who might wish to table amendments to it. However, I have had an assurance from the Government that the following stages can be taken quickly and not necessarily on a Friday. I will be looking to my noble friend on the Front Bench to ensure that that happens, which is worth putting on the record. Without further ado, I commend the Bill to the House.

Bill read a second time and committed to a Committee of the Whole House.

Council Tax Valuation Bands Bill [HL]

Committee

10.41 am

Clause 1: Council tax valuation bands

Amendment 1

Moved by ***Lord True***

1: Clause 1, page 1, line 2, leave out subsection (1)

Lord True (Con): My Lords, in moving this amendment I should like to make two things absolutely clear. The first is that the question before us is not whether there should be a principle of higher rate bands within the council tax system. There are perfectly legitimate arguments either way on the point, and this Bill specifically does not address it, although it touches on the question. In my submission, any such proposal should be brought forward as part of a wider reform of council and property tax proposed by whoever is in government at the time, so that is not a principle or a reason for either opposing or supporting the Bill.

The second point is one I made clear at Second Reading. It is also not really about the narrow principle of whether the point of sale of a house should be used for upgrading council tax or changing the banding of a property. That is an interesting and ingenious proposal by my noble friend which might or might not be considered, but again it would have to be considered in the light of all the consequences and in the context of reform. My noble friend has perfectly understandably put forward a Bill that touches on those questions, but from my standpoint there is an unfortunate issue. I declare an interest as the leader of a local authority in London with an extremely high number of higher banded properties and higher value properties. I saw in the *Evening Standard* earlier this week that 400,000 properties in London alone are valued at more than £1 million, but they are not necessarily occupied by wealthy people. I can testify to that in my area, where property is very highly valued.

I have made the point in other debates in your Lordships' House that at the moment we have a very artificial market in property where, because of the policy of effectively printing money and depressing interest rates, capital values are excessively high, and even more so in London because of a huge inflow of capital from abroad. Therefore a lot of people, particularly in the London area, find themselves trapped in high-rated properties which was not necessarily the case when they moved in. That is another factor in the background.

The question before us is whether it is wise to put on the statute book this Bill and its proposed mechanisms. In my submission, the answer is no, and I shall seek to persuade noble Lords of that, although I am sure that they will be interested to hear what my noble friend has to say. In seeking to remove subsection (1), I am addressing a number of questions that are serious and problematic.

The first is in a sense a minor point, but it has been drawn to the attention of noble Lords by the Delegated Powers and Regulatory Reform Committee.

[LORD TRUE]
What regulations does my noble friend have in mind? The committee has pointed out that the Secretary of State already has the power to alter valuation bands and proportions. This point needs to be clarified, and I agree with the committee that if orders are laid under this Bill, they should be considered under the affirmative procedure. That is because the way the Bill would work would be strange and very difficult for local authorities to operate.

I know that my noble friend disagrees with me on this, but the introduction of legislation that takes a value from 2000—the worst-case scenario that he cites—to replace a value set in 1991, as under the current system, is retrospective and perpetuates the anomaly. If council tax is based on 1991 values, I am not sure how that issue is addressed by introducing a system based on values at 2000. That was 16 years ago and over that period there have been many changes in housing values both up and down. At the moment we are in a boom. I am therefore unhappy about the idea of enhanced bills plonking through the letterboxes of people who bought a house 16 years ago; some may well be elderly widows. I know that elderly widows always come up in our debates, but they actually exist: property rich but cash poor. I see this proposal as retrospective and potentially very troublesome.

The second point arising from Amendment 1 that I would like my noble friend to explain is this. What does he mean by "bought or sold"? We touched on this briefly at Second Reading. As it is written, the Bill would apply simply to the act of purchase or sale, whereas the Explanatory Notes refer to "changing hands". Properties can change hands in many ways other than through being bought or sold. They may be inherited. If a spouse or partner dies, a new title of ownership may be issued when, as happens in most cases, the property is transferred to the surviving partner. For inheritance tax purposes, a value of that property would be established and would have to be vetted. Does my noble friend see that sort of transfer or one for inheritance tax purposes being captured by his Bill, or not? As drafted, the Bill simply refers to purchase and sale. This needs to be clarified by amendment on Report if this Bill is to go forward.

It may not be necessary to go through all my amendments because it might be possible to cover several of them in this debate. However, my third point is that the proposition of the Secretary of State setting out the new set of bands in the Bill would sit alongside the existing set of bands, so all local authorities would need to operate two sets of council tax bands, which is an administrative burden in itself. To operate the second band, they would have to access real-time data from the Land Registry. I do not know whether my noble friend has consulted the LGA—it would be interesting to hear in his response—but the technical capacity for scooping those data for every real-time sale from the Land Registry does not currently exist. There would be administrative costs and, potentially, IT costs to make this double system operate.

I have a further point. These are all practical points that need to be addressed—we are making proposals for legislation here; this is not a jolly idea that one discusses over the farm gate. My noble friend's proposition would produce a system where people living next door to each other could pay wildly disproportionate amounts of council tax at the upper ends of his register. That is not a justifiable or sensible way to go forward.

If we are to reform council tax—I repeat, that is not the subject before the House on this Bill—it surely cannot introduce more anomalies and more perceived injustices, as this would. Personally, I have spoken strongly against the excessive rates of stamp duty we have at the moment. My right honourable friend the Chancellor is going too far in that and it is having a distorting effect on the market. Where people risk going into a much higher rate of council tax simply by moving from one road in one area, from the preserved band into the new band, my noble friend risks creating even further distortions in the property market, which is already absurdly rigged by the many interventions of the Government, and there are obviously risks of fraud, disincentives and all the other things that happen. That can also apply to the transfer of title.

I hope that my noble friend will not proceed with this legislation. I understand the principles, but I had hoped that he would have been persuaded of this after Second Reading. If he wishes to proceed, this will need very radical amendment that will go into much greater detail than I have been able to set down in Committee to enable debate in your Lordships' House. We would need very substantial amendment on Report after having benefited from advice from the Government and the local government bodies.

I understand where my noble friend is coming from, but this is not a good Bill to put on to the statute book. I do not intend to divide your Lordships' House—that is not something one would wish to do—but I hope that my noble friend will be able to give a little more clarity and may be prepared to reflect on some of the points I have put forward. As I say, I am not ruling out a debate on higher bands, nor discussion on one of the mechanisms he has put forward. I just think it is difficult in the way he proposes it will operate. I beg to move.

The Lord Speaker (Baroness D'Souza): My Lords, if this amendment is agreed to, I cannot call Amendments 2, 3 and 4 by reason of pre-emption.

Lord Marlesford (Con): My Lords, my noble friend has made it clear that he does not like the Bill and would not wish it to make progress. It is difficult not to make a very brief Second Reading point on why we have the Bill at all. It is because the existing system is totally out of date. It is totally irrelevant. One has only to note the public complaints that there have been about the fact that the difference between the council tax paid by the humblest dwelling and the most expensive, luxurious penthouse in London is only 3:1.

My noble friend spoke about fixing on particular dates. Indeed, it is fixed on the date of the original legislation in the early 1990s. That is not something I seek to perpetuate. I seek very simply to say that we need a change that will be administratively easy, relatively. The argument always used against change has been the need for revaluation. That is precisely the need that I seek to avoid by using the actual prices paid as

recorded in the Land Registry and in any subsequent transition, including, of course, in the case of inheritance, where a valuation is made for that purpose for probate, and, indeed, in the case of gift for other tax purposes. There is a rather limited number of valuations. The number of properties that transfer in ownership between inheritance and gift is probably a relatively small proportion of the total transfers. They need evaluation. All the other transfers are recorded, when they are made, in the Land Registry. It is the Land Registry that I seek to use.

Frankly, my noble friend does not think it worth proceeding with this change, which is well overdue. It is the outrage, in a sense, at the present system that caused the invention of the so-called mansion tax, which was not a great success and has far more difficulties. I do not think that it is particularly on anybody's agenda.

I take the points about the detail. I am not trying for one moment to prescribe the bands, nor am I trying to prescribe the proportional increases. I have illustrated them in the Bill, but as my noble friend said, the committee in your Lordships' House that scrutinises the legislation said—I read its report—that this would be a matter to be done by statutory instrument, as an order. There will be a long time before it is decided exactly what bands are appropriate, but I certainly suggest something much closer to the bands that I propose. At present, as your Lordships know, band A is up to a value of £40,000 and band H up to £320,000. In the illustrative tables I produced there is no difference between the council tax to be charged for band A and not very much difference for band B. Instead of being 17% more, it will be 33% more. The difference, of course, is that band A will cover anything up to £250,000 and band B, in my suggestion, everything up to £500,000. As for houses worth £1 million or more, again, it is only a relatively small increase, because we are talking about a council tax which, give or take £100 or £200—it varies, of course, throughout the country—is £1,000 for band A and only about £3,000 for band B. Those are the actual figures that people pay, as noble Lords will know. Therefore, in the illustrative tables I have put in the Explanatory Notes, based on what is in the Bill, there is no enormous difference for the lower rates.

11 am

A £1 million house will be paying four times the rate: £4,000 rather than £3,000. That is not an enormous increase. It is only when you get to £20 million that you come, in my proposal, to the high proportionate increase to 42 times. I know that my noble friend is a councillor in a very affluent and delightful area of London, and I am sure there are some properties there that would come into my new band H, but perhaps not so very many, and maybe not so very many of their owners are constituents, because quite a lot of them probably do not have votes in England.

My noble friend is perfectly entitled to say that he does not like the Bill and that he would like us not to proceed but I believe that it is high time that we use some new thinking and produce something that is more acceptable and seen to be fairer. It will be easier to administer because the prices recorded in the Land Registry are very easily available—you can look them up straightaway. It will not be a question of having to do it each time, because once they are fixed, until they are renewed they will remain at the same level for the council tax bill. Council tax bills will be extremely easy to issue—I do not take very seriously my noble friend's argument about the administrative work being wildly disproportionate and all the rest.

Lord True: My noble friend raises a very important point. He says there will not be a lot of complications. Is he not saying that, once his new post-2000 system comes in, each time the house is sold thereafter there will not be an alteration? That seemed to be the implication of what he said. If this system is to have the logic that I think it might well have, clearly at each point of sale—not, as he said, interestingly, of inheritance or gift—the system must, surely, generate a new council tax, whereas he seemed to be saying the opposite.

Lord Marlesford: Of course it does: it is the actual price paid. If somebody buys a house, they will know the band in which it will be according to what they are paying. Of course it is the case. At present, if there are major alterations made to a house, there will be an assessment made by local government of whether it should move into a different band.

Lord True: Sorry, I was only seeking clarification and my noble friend has clarified it. Thank you.

Lord Marlesford: I want to say a word on the retrospection point. Recently, the Chancellor of the Exchequer reduced the rate of capital gains tax from 28% to 20%. That new rate will apply to gains which are realised after, I think, 5 April this year on gains which have already been made which, if the sale of the asset subject to capital gains tax had been made earlier, would have been at 28%. So changes in tax rates do have an element of retrospection.

I do not believe, frankly, that we are going to have a lot of widows who bought a house since the year 2000 finding that they are paying enormous new sums, as my noble friend mentioned. The big increases have probably been in the last five years and it is very unlikely that widows have paid millions of pounds for houses in the last five years or so and therefore suddenly find that they are put on to a new rate. I think it would be perfectly reasonable that they should be put on to a new rate if that were the case.

Lord McKenzie of Luton (Lab): I was not planning to intervene in this debate and I very much support the position taken by the noble Lord, Lord True, but how does the noble Lord cater for those cases where very expensive houses are held by offshore companies and it is not the transfer of the asset within the UK which causes ownership to change but the ownership of the shares of the offshore company? It seems to me that that cannot be readily catered for within the system. Fundamentally, also, how does the noble Lord address the very telling point, made by the noble Lord, Lord True, that we are going to end up with two schedules of valuation? Properties next to one another,

[Lord McKenzie of Luton]
otherwise identical, will, under the noble Lord's system, be paying completely different council tax. That cannot be sensible.

Lord Marlesford: Of course there are two schedules: it is the whole purpose that properties migrate, when they change hands, on to the new schedule. People who are currently occupying a property, if it was acquired before 2000, will be on the old schedule and there will be no change at all. Even in my illustrative table, for most people there will be no change anyway, because although the bands will be different and there will be some losers and some gainers, they will not be very big ones.

On the noble Lord's very important point about overseas people, I have always believed that one way of dealing with the abuse of the overseas purchase of property should be that British law should be so administered that ownership is not recognised unless the property has been properly registered by the Land Registry in the name of a person. If that happened, people would be very hesitant to acquire expensive property without getting a proper Land Registry entry, because that is the proof of ownership—if you are going to buy something, you want to be absolutely certain who you are buying it from. The noble Lords raises a perfectly valid point which should be dealt with, although it is not dealt with in this Bill.

I think that this is an idea worth pursuing. It may be that we will want to make further amendments on Report—if there is time to do it before the new Session, which is probably rather unlikely—but I think that the Bill is an advance worth making and I therefore ask my noble friend to withdraw his amendment.

Lord Mackay of Clashfern (Con): My Lords, this subject of property valuation has proved rather difficult over the years. I spent my early years at the Bar in Scotland on a considerable number of these valuation cases. Then, of course, my noble friend the Minister's father, as Secretary of State—and a distinguished Secretary of State he was—agreed to have a revaluation in Scotland. When that revaluation came, it was discovered that domestic properties were going to pay a rather higher amount of the local taxation than they had previously. Many people who were interested in politics were owners or occupiers of residential property and the result was an urgent desire to do something to deal with the injustice which this seemed to throw up, and we all know what the effects of that ultimately were. I am not sure that anybody has discovered a really good method of dealing with local taxation. When I made visits abroad when I was Lord Chancellor, I used to ask about these matters. It was pretty clear that nobody in any of the countries that I visited had developed a satisfactory system.

The present system is certainly by no means perfect, but it could be improved by extending the bands. As has been pointed out, the Secretary of State has the power to do that. There are, of course, difficulties with that. As my noble friend Lord True pointed out, it is difficult to know on what basis the new bands would be applied. It is argued that a revaluation would be necessary. I believe that it might be possible to have a fair system which extended the bands using the previous valuations. That would still produce a change in favour of fairness, although perhaps not such a substantial change as that proposed in my noble friend's Bill. As has been said again and again, one of the difficulties with this kind of tax is that, through succession or something, people may find themselves in properties which are highly valued, but they may be very short of cash with which to pay the local taxation. That problem is not likely to be solved, albeit that the market conditions may force people to change the properties in which they live.

It is certainly very worth while considering whether to extend the bands without doing too much more. If that happened, it might to some extent deal with the situation better than it is dealt with at present, although it would not by any means be a perfect solution. The detailed difficulties that my noble friend Lord True pointed out could be modified considerably if something of that kind was done. I am keen for the Secretary of State to consider this issue extremely carefully, although I know, of course, about the political risks inherent in doing anything at all in this area. However, courage is required if you are to be fair.

Lord Skelmersdale (Con): My Lords, I am sure that my noble friend on the Front Bench does not want to get involved in this amendment and, indeed, series of thoughts produced by my noble friends Lord True and Lord Marlesford. However, there is a technical point. Can he confirm whether a property has to be registered at the Land Registry? I rather suspect that the answer is no.

Lord Cormack (Con): My Lords, my noble friend Lord Marlesford has done a great service in bringing this matter to the attention of your Lordships' House. However, I am reminded of Ernie Bevin saying that if you open Pandora's box you do not know how many Trojan horses will come out. We have to tread carefully here. As one of only two Conservative Members of Parliament who did not support the introduction of the poll tax in Scotland, and who consistently voted against it on every conceivable and possible occasion, I hope that we will tread extremely carefully.

As I said, my noble friend has done the House a service in bringing this matter before us, but I think that perhaps we should look at differentiating between those who are truly resident in this country and those who are not. The escalation of property prices, particularly in London, has had enormous repercussions for the native population. We should consider some form of surcharge for those who merely buy properties as investments and rarely, if ever, live in them. There has to be some consideration of how we deal with that.

As I say, we have to tread extremely carefully but, of course, we know that because of the lateness of this day in this Session of Parliament, which will shortly come to an end, there will not be time for an exhaustive Report stage on this Bill. We should thank my noble friend Lord Marlesford for bringing this matter to our attention and consider how best we can approach it in the forthcoming Session.

11.15 am

Lord Butler of Brockwell (CB): My Lords, I support one of the main elements of the Bill of the noble Lord, Lord Marlesford—namely, the suggestion that the basis for taxing property should be the price at which it last changed hands. Where I depart from him is in agreeing with the noble Lord, Lord True, that it would not be practicable or fair for the Bill to apply to all properties bought from 2000, when the purchase price was entered in the register, because it would be unfair if two identical properties in the same street were taxed at different rates depending on whether they were bought before or after 2000. That would be tolerable for somebody who had bought the property since then with their eyes open. However, if I had bought a house before the change, I would not have known that and the difference between the tax on my house and that on the identical house next door would not be fair. Therefore, I conclude that the noble Lord, Lord True, is correct that the change proposed in the Bill could not fairly come into effect before the passing of the Act, so that people who buy properties in the future will know on what basis they are buying them and what liability they are entering into. As far as the noble Lord, Lord Marlesford, is concerned, that would delay the raising of the revenue and the application of the system that he has proposed. I realise that that is unwelcome. However, I do not think there is any other basis on which the measure can be brought into effect.

However, I agree with the noble Lord, Lord Marlesford, that a scheme based on the purchase price of properties in actual fact—which are now recorded in the register—would greatly ease the future administration of this tax. It would also get rid of the requirement for revaluations, which was always a problem with the local rates and would be a problem if the existing system was used and the bands were revalued. As I say, it would greatly reduce administration. So that is an idea that is well worth pursuing.

I agree with others that it will not be practicable for a Bill based on the idea proposed by the noble Lord, Lord Marlesford, to come into effect during this Session of Parliament. However, I hope very much that the Government will look at the basic idea of his Bill. It would have the advantage of dealing with a problem of the present council tax—namely, that it is not sufficiently progressive—and would raise the prospect over a period of giving more revenue to local authorities, which is greatly needed at this time. Therefore, it is an idea well worth working on.

Viscount Younger of Leckie (Con): My Lords, I thank my noble friend Lord True for his work on, and engagement with, this Bill. He has brought to the debate his customary passion and commitment. I am sure that everyone agrees with me that this House benefits from his experience as a council leader and the expertise which he brings to the subject.

I will not repeat all the points made by my noble friend Lady Williams at Second Reading. However, the Government have a firm commitment to keep council tax low for taxpayers, which we have successfully delivered and continue to deliver. I express my reservations that either with or without this amendment, the Bill would not support that aim.

My noble friend Lord True and the noble Lord, Lord McKenzie, raised this matter and I agree with them that operating two parallel systems for council tax valuations would risk introducing new costs and confusion into the system. I note that my noble friend Lord Marlesford himself acknowledged that a new system should be administratively easy. In the protracted transition period during which these systems would need to operate, residents could face dramatically different council tax bills, based on the arbitrary distinction of when their home was last sold. The Government believe that it is fairer, as well as simpler, to band properties in a single list on the basis of a common date.

Furthermore, the present system of council tax provides stability and certainty for households, helping them to manage their finances. It is well understood, which is evidenced by the very high collection rate of 97%. Ultimately, people know that they will be charged on the same consistent basis as their neighbours. I should add that council tax in England has fallen by 9% in real terms since 2010-11. The Government see no need to introduce turbulence and uncertainty into households' financial management by changing the council tax bands. This uncertainty about council tax bills could generate further risk to the Government's aims to see 1 million new homes built in England over this Parliament.

I note and appreciate the remarks made by my noble and learned friend Lord Mackay of Clashfern, who alluded to some interesting experiences in Scotland. In particular, he suggested the introduction of a new band at the top. But he also noted, in his informed contribution, that many properties in the higher bands are occupied by cash-poor households. That, in a nutshell, is the issue and the Government have no plans to introduce a new band.

My noble friend Lord Skelmersdale raised the issue of whether a property has to be registered at the Land Registry. It is indeed the case that properties purchased before 1990 might not be registered, so he makes a valid point.

The present system gives taxpayers confidence and stability. It is widely understood and payment rates are high. I hope that noble Lords will understand that, for those reasons, the Government cannot support the Bill.

Lord True: My Lords, I am grateful to those who have spoken and to my noble friend on the Front Bench for the kind things that he said. They are entirely unjustified: I can assure him that there are many, many people—leaders and former leaders of local authorities—who have far greater expertise than me. We heard from one of them, the noble Lord, Lord McKenzie of Luton, with whose intervention I very much agreed. His extremely pertinent point about disguised ownership was touched on also by my noble friend Lord Cormack. The massive capital inflows to the country are an issue and we heard, in the Chancellor's recent forecast, the expectation of the scale of future inflows of individuals and capital that are distorting the market. Attempts are being made to chase, capture and tax that money, but it is difficult. This matter might need to be examined but it is not necessarily a

[LORD TRUE]
matter for this Bill. Neither is it necessarily a matter that would defeat the Bill, but it is an interesting, separate point of detail.

I was grateful for what the noble Lord, Lord Butler of Brockwell, said, not least because he agreed with me in detail while making a point on substance. One difficulty with taking the value of a property at a particular time is that it is a snapshot. The current council tax system, albeit based on 1991 values, has benefits. There is a separate argument about revaluation, and I said at the outset that this debate is about my noble friend's Bill, not about whether we should have higher bands. My noble and learned friend Lord Mackay of Clashfern made a very important intervention on that. A property changing hands is a snapshot of its value at a time, whereas the council tax basis is an assessment of relative values across the country. Although there will be anomalies in it, it is broadly—and certainly at the time it was introduced it was intended to be—fair and accurate.

I said in my opening remarks that my noble friend Lord Marlesford brought forward an interesting point and the noble Lord, Lord Butler, supported him. I understand the logic of this. But if you just take individual snapshot values you will get the variations that the noble Lord, Lord McKenzie, referred to, which will be frozen in two parallel bands. And it will not reflect the fact of market change.

Relatively, all houses in an area will go up and down with the market. There will be variations. But let us say that there is a property crash, which is quite possible with some of the excessive values we have now. Under my noble friend's scheme, if you have scrimped and saved to buy a house worth £525,000 and the market goes down, you will find yourself paying a council tax which is twice that paid by people who paid £495,000. If it is on the excessive value that has been charged before, what does the person do when the value goes down and they find themselves paying twice as much as their neighbours who have just bought the house next door?

Lord Butler of Brockwell: I am grateful to the noble Lord for giving way. I see the anomaly that he refers to. However, is it not the case that the person who bought the house before the value crashed did so with their eyes open? They knew what their tax liability would be. Is it not fair that that liability is maintained, even though the value of the property may have changed?

Lord True: The noble Lord makes a perfectly reasonable point. However, although you can appeal to the valuation tribunal on the valuation of the house, there is a risk that there would then be a cry that the value was no longer fair. Revaluations and appeals on business rates can sometimes take years to determine. I was pointing out that there are potential anomalies and the noble Lord makes a perfectly reasonable point. However, there is a risk of creating new industries and new administrative costs.

I should not, in this response to the debate, have gone into a new detailed point. I apologise to the Committee.

Lord Marlesford: I do not think that any of us envisage a system in which each time people think the value of their house has gone down they can apply to be put into a new band. That does not apply at the moment and it would not apply under the new system in my Bill. With great respect, that argument is pretty irrelevant.

Lord True: No, but the noble Lord is replacing a system which is based on a consistent set of valuations with individual snapshot valuations, so he is creating potential new anomalies and concerns.

I do not wish to detain the Committee. This has been an extraordinarily interesting debate. I have esteemed my noble friend for decades, not just in recent times. He has one of the most innovative and illuminating minds we have seen, both as a commentator and as a parliamentarian. My respect for him is absolutely enormous. However, I do not think that this is a practical or sensible way to proceed. I have tried to deal with this extremely kindly. I have not troubled the Committee with some of the range of anomalies, although some of them have come up in the debate. We are not debating the issue of higher bands—although we could on another occasion—or the property thing. We are debating the Bill which is before us. My noble friend dismissed the idea that there might be administrative costs and anomalies. He was not too worried about that, but I have to be and I stand by it. Many local authorities are making massive savings in personnel. We have taken £35 million out of a budget of under £200 million. We are taking another £25 million out of it. This is what is expected of us by the country. With respect to my noble friend and my friends on the Front Bench, one must be careful about adding new burdens to local authorities, particularly when they come up with these kinds of anomalies.

I will study *Hansard* very carefully, but, with respect, I do not think that my noble friend properly addressed the points put by the noble Lord, Lord McKenzie, about parallel registers, the two bands, the issues of inheritance, gift inter vivos, disguised nominee ownership and IT requirements. Retrospectivity was perfectly skewered by the noble Lord, Lord Butler. There is a tremendous amount here which needs to be clarified.

There is also a fundamental point, which I know that many people may not agree with or have forgotten. Council tax is supposed to be a tax levied to pay for council services. It was not created to be a tax on wealth or property. We can have one of those if we want. We have inheritance tax and graded stamp duty. There have been proposals for a mansion tax. Others have proposed a wealth tax. At one time, Mr Healey was going to build an office with staff to do that. Council tax is intended to be a tax which raises—

11.30 am

Lord Marlesford: My Lords, the fact is that the council tax as originally devised is a progressive tax. There is no way that the band in which people happen to live necessarily reflects the additional or lower quantity of government services that they require or consume. The principle of progression was accepted and implemented in the original council tax—quite rightly so, in my view.

Lord True: My Lords, there is a principle of progression: the landowner will have more dustbins than the person at his gate in the cottage. But the question is whether council tax should be the means of levying an enormous amount of tax on immobile wealth—whether that is the right way to go after that wealth. If we had a Government who wanted to go after people with more money than the average, I have been long enough in policy-making to suggest that there might be better ways of doing so than by using council tax. It is a perfectly legitimate argument that has raged between my good socialist friends and others through all my life, but I would not do it this way.

I wish to conclude and make it clear to the House before I do, in case any noble Lord wants to intervene on me again, that I do not propose to move my further amendments because we have had an extremely interesting and valuable debate and I do not wish to detain your Lordships. I hope that I have made it clear that if my noble friend wished to bring this Bill forward on Report, I would not only lay a number of amendments but make them more detailed amendments. The local authorities and the householders of Britain would deserve no less. I beg leave to withdraw the amendment.

Amendment 1 withdrawn.

Amendments 2 to 9 not moved.

Clause 1 agreed.

Clause 2: Extent, commencement and short title

Amendment 10

Moved by ***Lord Marlesford***

10: Clause 2, page 2, line 4, leave out "and Wales and Scotland"

Lord Marlesford: This amendment is merely technical. It was a mistake in the drafting of the Bill to apply it to Scotland and Wales, where of course the devolved powers mean that it would not be appropriate to apply it. So I beg to move that this amendment be incorporated because it is purely technical.

The Deputy Chairman of Committees (Baroness Stedman-Scott) (Con): My Lords, if Amendment 10 is agreed to, I cannot call Amendment 11 by reason of pre-emption.

Amendment 10 agreed.

Amendment 11 not moved.

Clause 2, as amended, agreed.

In the Title

Amendment 12 not moved.

Title agreed.

House resumed.

Bill reported with an amendment.

House adjourned at 11.36 am.

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