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(HANSARD)

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

No party affiliation is given for Members serving the House in a formal capacity or for the Lords spiritual.

House of Lords

Friday 24 May 2024

10 am

Prayers—read by the Lord Bishop of Southwell and Nottingham.

Finance (No. 2) Bill

Second Reading (and remaining stages)

10.07 am

Moved by ***Baroness Vere of Norbiton***

That the Bill be now read a second time.

The Parliamentary Secretary, HM Treasury (Baroness Vere of Norbiton) (Con): My Lords, it is a pleasure to open this debate on the Finance Bill on the final sitting day of this Parliament. The Bill follows on from the Budget set out by the Chancellor in March and puts in place many of the measures announced at that time. I look forward to the contributions from all noble Lords, in particular the noble Baroness, Lady Hazarika, who has chosen this debate for her maiden speech.

As I explained in the Budget debate, the fundamental economic picture has improved—and that trend has continued since then. As many noble Lords will know, since the beginning of 2023, we have been working on five priorities, three of which are economic: to halve inflation, grow the economy and reduce the national debt. A year on from when we set out those priorities, I am pleased to report that there has been significant progress. Inflation has now fallen to 2.3%, reaching the Prime Minister's goal of halving inflation, and real wages are rising faster than inflation. This week, the International Monetary Fund upgraded its forecast for UK growth in 2024, and in April it said that the UK is expected to see the fastest cumulative growth of any major European economy over the next six years. Finally, our national debt is on track to fall as a share of the economy.

The work is not yet done, and I recognise that times are still too tough for too many. However, we should also recognise that we are making real progress. We are seeing robust evidence that the economy is improving, which is why we need to stick to our plan, so that we can deliver the long-term change that our country needs to deliver a brighter future. The Finance Bill builds on those improvements through four key pillars: rewarding work, encouraging investment in the economy, boosting home ownership and improving our tax system. The Bill covers 24 different measures; I do not intend to go through each today, but I will outline some of the more substantive elements.

First, the Bill rewards work. A simple truth that the Government adhere to is that work should pay. That approach benefits not only individuals and families but overall growth and the UK economy. A key measure in the Bill is to increase the high-income child benefit charge threshold from £50,000 to £60,000. The rate of the charge will also be halved, meaning that child benefit will not be repaid in full until you earn £80,000. That will take 170,000 families out of paying this tax charge. Overall, we estimate that 485,000 families will gain an average of £1,260 in child benefit in this tax year. The OBR estimates that these policies will result in the economy gaining additional hours worked equivalent to around 10,000 full-time individuals by 2028-29.

Secondly, the Bill will drive investment in the economy. Our creative industries, for example, contributed £126 billion in gross value added in 2022 and supported 2 million jobs. By announcing £1 billion of new reliefs for the UK's world-leading creative industries in the Spring Budget, we have signalled our commitment to ensuring the sector's continued growth. We will make current tax reliefs for theatres, orchestras, and museums and galleries permanent, at a rate of 45% for touring theatres and for museum and gallery touring productions, 40% for non-touring productions and 45% for orchestras.

We will also further support the UK's independent film sector through a new UK independent film tax credit at a rate of 53% for films with a budget of up to £15 million. Our support does not stop there. We are also legislating for an energy profits levy price floor, which will, in effect, repeal the energy profits levy if the six-month average for both oil and gas is at or below a set threshold. Doing so was the sector's major ask at Spring Budget 2024 and will unlock billions of pounds of investment.

Thirdly, I turn to the property package in the Bill. These measures will not only encourage more transactions in the housing market but boost supply and opportunities for home ownership for first-time buyers, as well as making the property tax system fairer. Cutting the higher rate of capital gains tax on property from 28% to 24% will encourage landlords and second home owners to sell their properties. However, we need to make sure that the tax system is fair, which is why we are abolishing multiple dwellings relief. External evaluations have shown no strong evidence that it was meeting its original objective and there were clear instances of abuse. We are also amending rules so that individuals buying a leasehold residential property through a nominee or bare trustee will be able to claim first-time buyers' relief on their stamp duty land tax bill. That change will ensure that victims of domestic abuse are not unfairly penalised if they wish to buy their first homes anonymously.

Finally, I turn to the tax system. We want a simple and modern tax system, and we need to close loopholes where they exist. We are amending two primary VAT interest provisions in legislation, to ensure that they apply to all cases intended by the policy. We are also closing a loophole that allows individuals to avoid tax by moving assets abroad via a company.

This Finance Bill boosts our vital industries, rewards hard work, drives forward home ownership and continues to build a fairer, simpler and more modern tax system. It reinforces this Government's commitment to prioritise economic growth, and, in turn, it will help deliver a brighter future for this country. I beg to move.

10.14 am

Baroness Hazarika (Lab) (Maiden Speech): My Lords, it is my huge pleasure, although a bit of a scramble, to be making my maiden speech on the very last day of this Parliament. However, I have always liked cutting it fine in life. Indeed, I should thank the Prime Minister for calling this snap election because, as a journalist,

[Baroness Hazarika]
I do respond well to a deadline. I am also very pleased to be making this important speech indoors; I do have an umbrella just down here.

The economy will take centre stage as citizens ponder who to vote for over the next six weeks, so I am very grateful to be able to contribute to this important debate. Before I address some of those points, I would like to thank everyone here in this House for being so patient and so kind since my introduction two weeks ago. I especially thank Black Rod, the House staff, the wonderful doorkeepers and the catering staff for making my friends and family feel so welcome. It was a day they will never forget. I would like to think that the sight of me in my ermine taking my oath was their highlight but, as they have all confessed, it was the visit to the gift shop. They have spoken of little else since. Sadly, my father is not in good health, but he was so well looked after here. Black Rod said to me, "He will not be a burden. He will be very much welcomed"; that meant the world to us.

I am incredibly proud to have been able to get agreement that my title would be Baroness Hazarika of Coatbridge. I grew up in Coatbridge in the county of Lanarkshire, near Glasgow. My father was the local GP there for many, many years. It was tough for my parents when they first arrived from a different country. People were very curious. One of my dad's patients said to him, "What are you?" "A Muslim", he replied. "Aye, but what kind? A Rangers Muslim or a Celtic Muslim?" That is about all the football banter you will get from me for the rest of my time in this House.

My mum and dad came from Assam in India, where the tea comes from. Many of you will have enjoyed a cup of Assam tea. It is an area to the north of the country where it rains a lot and they are fighting for independence. My parents fancied a real change of scene so they moved to Scotland, an area where—you get the picture. I am immensely proud to be the first person of Indian Assamese heritage to enter British politics. I thank everyone for all the good wishes I have had from so many people in India.

I am so glad that my parents chose to settle in Coatbridge. They say that to be Scottish is a gift and I very much believe that to be true. I feel truly humbled by my parents' courage. Theirs is the classic story of the immigrant. They came here in the 1960s to work and build up the NHS, with £3 in their pocket, in a cold climate, yet they built such a good and happy life here for me and my brother. I pay tribute to them as first-generation immigrants for their work ethic, decency, good humour and desire to make friends with people from all different backgrounds—qualities that I hope to replicate in this House. On the big day, my father's former receptionist, Monica, messaged me to say, "Ayesha, they are so very proud of you, but they do still wish you had become a doctor".

I also wish to put on record my appreciation to my sponsors, my noble friends Lord Dubs and Lady Kennedy of The Shaws. They have introduced me to individuals who embody the best of humanity and who have very much inspired my politics. I would also like to thank my noble friends Lady Smith of Basildon and Lord Kennedy of Southwark, as well as their brilliant advisers, for all their support and advice. I have been here for only two short weeks but I have already been struck by how warm and courteous noble Lords from all across the political spectrum have been to me. I really thank you all for that.

It is so heartening to see that, although there is much spirited disagreement in this Chamber on so many issues, there is also a great deal of consensus and cross-party collaboration on so many others. The quality of the discussions, the rich and varied experience of so many noble Lords, and the focus on the big arguments and policy over just the raw politics make me feel immensely privileged to be here. In an era of polarisation and division, driven particularly by social media, it is important to show that, in this Chamber, although we may come from many different political tribes and none, as the late Jo Cox said, we have more in common. Although I am so proud to be here on these Benches, I have always enjoyed working across the political divide, whether in drafting policy on women and equality issues or on my Times Radio show, on which many noble Lords have appeared.

In that spirit, as we examine the Finance Bill at Second Reading, I welcome many of the measures that have been outlined, particularly the tax breaks for the creative industries, theatres, orchestras and the arts. However, I also make the important point that people all over the country, from different earning brackets—bar the super-wealthy—share a common lived experience: they are really struggling with their personal finances right now. It is of course a good thing that inflation has come down. This morning, we see a much-welcome reduction in the energy price cap, but fuel and food bills are still high compared with where they were. People are struggling with soaring mortgages, rents and childcare costs. Taxes are at their highest level in 70 years. For many in this great country, everyday life has become a financial endurance test.

As we draw proceedings to a close here today ahead of the general election, we must recognise and be honest that this is the first Parliament in modern history to see a fall in household incomes, according to the Resolution Foundation. Whoever wins the election, they must address the feeling of so many people out there that, no matter how hard they work, things are stacked against them; that, on a structural level, the economy does not work for them and their families. We must speak up for those hard-working people and small businesses.

I conclude by saying how happy, humbled and excited I am to be here with noble Lords. It is a great privilege and honour to be able to serve my country in Parliament. I hope I will live up to it; I know I will try, and provide a voice for people who are less fortunate than us. I look forward to working with noble Lords and learning from the great collective wisdom that resides within this House.

10.22 am

Lord Davies of Brixton (Lab): My Lords, it is such a pleasure to follow the maiden speech of my noble friend Lady Hazarika, of Coatbridge—Ayesha Hazarika. We must all congratulate her on a tremendous speech; hers is a particularly tough act to follow. It is clear from her

speech and biography that she has a sound political background, but she also has, to use Denis Healey's memorable word, a hinterland—more experience.

I am particularly pleased to welcome my noble friend as a fellow resident of Brixton and a fellow graduate of the University of Hull, where she studied law. My recollection—it is a long time ago—is that the law students were particularly serious and I am glad to say that she breaks that convention. Clearly, they are important influences, but I suspect that most noble Lords will be keen to talk to my noble friend about her appearances on "Have I Got News For You".

She has demonstrated that she will be a popular speaker. People may well come for the jokes, but they will stay for the serious political points being made. To conclude this part of my speech, it is important that she is here, particularly on this side of the Chamber, representing an underrepresented group: people under 50.

I turn now to the content of the Bill. I have found that speaking on finance Bills, even though there is nothing we can actually do, is the ideal opportunity to seize the attention of the Minister and, through her, the officials, on points which perhaps do not get sufficient coverage. I want to talk about Clause 24 on collective money purchase arrangements. I can read the Explanatory Notes, but when I try to understand what the amendment does, my mind glazes over. I do not know whether the Minister has a better understanding of what it does, but I think it illustrates two points.

First, the Government have still to get their act together on the introduction of this new type of pension scheme. Many of us with considerable experience on pensions believe that this is important for the future development of pension coverage across the economy, yet we are still getting these regulation-making powers. It is important to understand that this does not make any actual changes but, principally, creates further regulation powers, and we will have to wait for the regulations to understand what will happen. Will the Minister accept that it is a matter of priority to get this law straight, so that people can get on with introducing these important new types of schemes?

The second point, which is narrower, is contained in the heading "Collective money purchase arrangements". Nobody in the pensions arena talks about collective money purchase arrangements; they always talk about collective defined contributions schemes. That is what they are, yet for some bizarre reason, lost in the policy-making process, we have ended up with them legally being described as collective money purchase arrangements—which in fact is a misleading title. The whole point of collective defined contribution schemes is contained in the objective of providing a pension. Calling them collective money purchase schemes gives the appearance that they are simply savings arrangements, with the infamous freedom of choice when people get to retirement. What people want is pensions. Adopting this terminology is grossly misleading about where this area of policy has to go.

The ship has sailed; it is in the legislation—I think there were 300 references to collective money purchase arrangements in the pensions Bill—but I say to the Minister that the Treasury and the Pensions Regulator together need to get a clear understanding of the terminology here. This initiative is about providing pensions; it is not about money purchase.

10.27 am

Baroness Kramer (LD): My Lords, I welcome the noble Baroness, Lady Hazarika—talk about getting in under the wire in this Parliament. It was a brilliant maiden speech, in both tone and content, and it seemed to me that it reflected someone intending to challenge, but with respect, and that surely is the very best of this House. I very much look forward to hearing her in the next Session. One of the great joys for all of us here is that we know we will be back.

I will also use this opportunity to pay my respects to the Minister, the noble Baroness, Lady Vere. She has served with real vigour in her role and mastered an incredibly complex portfolio. If anyone doubts that, they should listen to today's speech from the noble Lord, Lord Davies of Brixton. She has always treated all of us on our Benches with courtesy, even in the rough and tumble of politics. We do not know what will happen in the coming election, but I thought it was important to mark our appreciation of the service that she has given on this portfolio.

I will turn to the topic of the day. This is definitely a No. 2 Finance Bill, and it is mostly a tidying up exercise. I am so glad that I do not have to pursue the point raised by the noble Lord, Lord Davies—I leave that to the Minister to cope with—but, knowing the noble Lord, it is a significant point, and it is worth a follow-up.

I am particularly pleased with the support in the Bill for the creative industries. Most of the measures that are being dealt with in a wash-up process are relatively minor. We dealt with the key elements of the last Budget in numerous debates on many pieces of previous legislation and Statements, so I have decided that my comments will be fairly brief because we have behind us a whole queue of legislation, and people will be anxious to move forward.

The Government keep using phrases, as they talk about the economy, such as "turning the corner" and "returning to normal". If the Government think that the economy has returned to normal, they really have absolutely no understanding of normal people's lives. People are facing relentless cost of living pressures and, when I am on the doorstep, I find there is a general horror at the collapse of so many public services. I will not detail those, but I say to the Minister: if this is the new normal, my sense on the doorstep is that people do not want it.

The freezing of tax thresholds has squeezed people on low and modest incomes in some of the harshest times, while oil companies really got away with it thanks to loopholes in the windfall levy; and today in this Bill, they were handed some additional goodies. Again, when I am out on that doorstep, the anxiety about the state of the NHS and social care is dominating so many people's minds, and we have come to a terrible pass when the police are told not to arrest criminals because we cannot provide prison places. We heard today about the new energy cap—that is, obviously, good news. But people will still pay on average £400 more for their

[Baroness Kramer]
energy in a year than they did before the pandemic—and, frankly, any benefits on that side look as though they will be stripped away by the behaviour of the water companies. I looked at the applications that they made to Ofwat; it looks like my personal bill will go up by something like £350 a year. Today, I read the assessment of bonuses going to senior managers within the water companies—they amount to £54 billion for this year. The Government are completely hapless in trying to deal with these issues, and I hope that we will get some real change following the election.

In the corporate sphere, which underpins our economy, we have low and stagnant business investment and productivity. We face worker shortages and a shortage of skills. Trade has diminished significantly. We have ongoing trade weakness—for a country that lives or dies by trade. The emergency summit this week on the Stock Exchange is just one example of the worsening scarring of Brexit. We hear that our problems are caused by the pandemic and Ukraine—that is true—but the biggest and most persistent scarring is coming from Brexit and that is worsening, not easing.

My party will fight for a fair tax strategy, a proper industrial strategy and an apprenticeship scheme that actually works. We will rebuild exports, including to our former markets in Europe. I say to the Minister that, as we come to the end of this Session, there is hope for our economy. We are right to try to take an optimistic and positive line, but we cannot rebuild our economy until her party leaves office.

10.33 am

Lord Livermore (Lab): My Lords, it is a pleasure to take part in this debate on the Finance Bill. I begin by congratulating my noble friend Lady Hazarika on her genuinely brilliant maiden speech. Her experience, warmth and great humour were evident from her contribution. She will be a huge asset to your Lordships' House, and I very much look forward to her future contributions to debates such as this. I join the noble Baroness, Lady Kramer, in paying tribute to the noble Baroness, Lady Vere, for her incredible command of the detail in such a complex brief, and particularly for her good spirit and kindness to me in all our exchanges across these Dispatch Boxes.

This Finance Bill follows the March Budget, which laid bare the Government's record on the economy over 14 years: higher taxes, falling living standards and lower economic growth. Yet despite their record, the Government have now set off on some kind of victory lap, with the Chancellor and Prime Minister patting themselves on the back. But Ministers popping champagne corks will not sit well with families across Britain as they continue to struggle with the cost of living.

When the Prime Minister claims that the economy is "back to normal", what the British people hear is a Government who are out of touch with the realities on the ground. When he claims that the economy has "turned a corner", he should try telling that to the 6.4 million households who last year saw their rent increase or had to remortgage, or the 950,000 families whose mortgage deal is due to expire before the end of this year. When he claims that the plan is working, he will rightly be asked whether that is the same plan that means this will be the first Parliament ever with living standards lower at its end than at its start; a plan that means real household incomes will have fallen by £250 per person in that time; a plan that means our economy is now smaller per person than it was when the current Prime Minister entered office; and a plan that means our economy is now forecast by the OECD to grow by just 1% next year, weaker than every other G20 country except Russia.

The Government say that what the British economy now needs is more of the same—more of what they have delivered over the past 14 years: the highest tax burden for 70 years; the average household £870 worse off; national debt at its highest since the 1960s; families paying hundreds of pounds more every month on their mortgage bills; and economic growth on the floor. Now committed to delivering more of the same and having crashed the economy, the Government are intent on rerunning the disastrous Liz Truss experiment.

At the end of his Budget speech in March, the Chancellor announced a £46 billion unfunded plan to abolish national insurance contributions. Two months on, and despite countless opportunities to clarify their plans, there are still no answers from Ministers on how they will pay for it. What services will they cut? What other taxes will they put up? What changes will they make to pensions? Replacing national insurance revenues with higher rates of income tax would mean an income tax increase of 8%—a tax bombshell aimed squarely at Britain's pensioners. Britain cannot afford to repeat that ill-fated experiment.

We have said consistently over the course of this Parliament that taxes on working people should be lower. Two years ago, when the current Prime Minister tried to increase national insurance, we opposed it. We supported the previous cut to national insurance, and we supported the measures announced in the Budget to bring it down by a further 2%, but those measures come in the context of a rising, not falling, tax burden. The tax burden is now set to rise every single year for the next five years, making this the biggest tax-raising Parliament since the Second World War. As Paul Johnson, the Director of the Institute for Fiscal Studies, said:

"This remains a Parliament of record tax rises".

We are under no illusions about the scale of the challenge we may inherit if we are fortunate enough to form the next Government, nor the scale of the task in rebuilding our economy. Our plan is built on three pillars of stability, investment and reform: stability underpinned by strong fiscal rules and robust independent institutions—the Treasury, the Bank of England and the Office for Budget Responsibility; investment in partnership with business, embodied in a modern industrial strategy, and a new national wealth fund providing the catalytic investment to unlock private sector investment for our towns, cities and regions; and reform, starting with our planning system, the single biggest obstacle to growth in this country.

Rather than believing the Prime Minister's claims that the British economy has turned a corner, the questions the British people will ask at this general election are simple. Do they and their families feel better off than they did 14 years ago? Do our hospitals, our schools and our police work better than 14 years ago? Frankly, is there anything in Britain that works better than

when this Government came to office 14 years ago? The choice at this election is clear: five more years of chaos that will continue Britain on a path of economic decline or stability with a changed Labour Party that can offer hope and a long-term plan to make working people better off. It is time to turn the page to start a new chapter for Britain's economy.

10.39 am

Baroness Vere of Norbiton (Con): My Lords, I am enormously grateful for the contributions of noble Lords in this relatively short debate, and for the kind words of the noble Baroness, Lady Kramer, and the noble Lord, Lord Livermore. It has been an extraordinary seven and a half years as a Minister in your Lordships' House. I have enjoyed almost every minute of it and I hope for many more.

I pay tribute to the noble Baroness, Lady Hazarika; her maiden speech showed warmth, wisdom and wit. She has yet to discover that it can indeed rain inside your Lordships' House, despite the best efforts of our maintenance teams. She was introduced just two weeks ago—I know that because I was a supporter at somebody else's introduction on the same day. This maiden speech is a worthy down payment on many more to come, and I am sure that we will all welcome her insightful and interesting interventions.

I will be relatively brief in my response, because I am well aware that there is much to get through today, but it is worth reflecting on a couple of points that were raised. Many noble Lords talked about the cost of living and living standards. As I said in my opening remarks, we recognise that things are still too tough for too many and we are very focused on improving that. However, again, we must remember that, over this Parliament in particular, the economy has faced an unprecedented series of shocks—shocks the like of which have not been seen for a generation—so it is also worth looking at the longer view. The OBR forecast from March 2024 states that real household disposable income per capita, a measure of living standards adjusted for inflation, is estimated at £1,700 higher in 2023-24 than it was when we came to power in 2009-10. It is the case that income has risen. I accept that the unprecedented challenges that have happened over this Parliament have put a dampener on things, but the forecasts now show that real household disposable income will increase. We also know that real wages are rising faster than inflation.

We remain very sympathetic to all the pressures felt by people, families and communities across the country. That is why all noble Lords will welcome the movement of the energy price cap today. It is worth reflecting on the input that the Government have had over the last few years: £94 billion in help with the cost of living is worth an average £3,300 per household across 2022-23 to 2023-24. That built on the support that the Government put in place, at very short notice, to ensure that millions of people had sufficient money to get them through the pandemic and that hundreds of thousands of companies could come out of the pandemic in a strong fashion.

I have noted before, and will again, that all these interventions were supported by the Front Benches opposite. In many cases, those Benches asked for much more money. Guess what? More money costs. The noble Lord, Lord Livermore, says that taxes should be lower—of course they should be lower; I agree 100% and cannot complain about that. But you can have lower taxes only if you control spending. Demanding much more money will not lead to lower taxes, and I suspect the country will realise that too.

The noble Baroness, Lady Hazarika, noted the impact of changing the income tax thresholds. Following the NICs cuts announced in the Autumn Statement and the spring Budget, plus the above-average increases to thresholds since 2010, an average worker on £35,400 will pay over £1,500 less in personal taxes this tax year than they would otherwise have done. A UK employee can earn more money before paying income tax and social security contributions than an employee in any other G7 country. We still have a relatively low-tax system compared to other major economies, but we would like that tax to fall further and we have a plan in place to do that. We have said that we will do it as we can afford to do it. It will have absolutely no impact on pensions. No doubt we will hear that a lot in the general election, but I cannot quite get my head around where that suggestion came from, because it is not the case.

I warmly welcomed the contribution from the noble Lord, Lord Davies of Brixton. My officials and I will take back his comments on the terminology. On what Clause 24 does, I am advised that the Pension Schemes Act 2021 introduced legislation to allow these schemes to operate in the UK, but this clause resolves tax issues related to transferring survivor benefits in these schemes to ensure that these transfers are authorised and do not incur tax charges. I think that is fair. It will ensure that the Royal Mail Group, which was one of the first providers of these schemes, is able to launch its scheme as planned. We are taking more regulation-making powers, because the Government's policy intention has always been that payments made from a collective money purchase pension scheme and wind-up should be treated as authorised payments, and there were various powers available.

As I said in my opening remarks, this Bill ensures that hard work is rewarded, encourages investment in our economy and improves the outlook for prospective home owners. Its measures will deliver the long-term economic future that I know all noble Lords want for this country and provide stability in uncertain times.

Bill read a second time. Committee negatived. Standing Order 44 having been dispensed with, the Bill was read a third time and passed.

Arrangement of Business

Announcement

10.46 am

Baroness Williams of Trafford (Con): My Lords, I will update the House on the latest plan for business today. I am most grateful in advance for noble Lords' patience, flexibility, good humour and support, as we work together to finalise everything ahead of Prorogation.

We will now consider five Private Members' Bills, followed by debates on statutory instruments. There are two other Bills for consideration today: the Leasehold

[Baroness Williams of Trafford]
and Freehold Reform Bill and the Victims and Prisoners Bill. The deadline for tabling amendments to the leasehold Bill has passed, and we are now waiting for the Marshalled List and other paperwork before commencing proceedings. Once the Victims and Prisoners Bill has returned from the Commons, there will be time to table amendments and Motions. Once the Marshalled List and paperwork are ready, we will commence proceedings. I expect this to be after the conclusion of the SI debates. I expect that we will commence Report on the leasehold Bill after the conclusion of the victims Bill. This allows time to prepare the Marshalled List and groupings. We will announce the precise timings and any changes on the annunciator and through the usual channels.

Lord Moylan (Con): My Lords, I want to make a modest and no doubt futile protest about the insertion of the Leasehold and Freehold Reform Bill into our programme at this very late stage. When my noble friend the Lord Privy Seal made his business statement yesterday, there was no mention of this Bill. Even when the House was approaching the time for rising, it was difficult to establish whether or not this Bill was, after all, being brought forward today.

The deadline for submitting amendments was 10 am. A Marshalled List has not been seen. Government amendments have apparently been tabled. Back-Bench Members have not had a chance, as yet, even to read them. For a complex and difficult piece of legislation, about which many serious questions were raised in Committee, this seems a most reckless way of proceeding.

It has so taken even the Government by surprise that my noble friend the Minister cannot be present today to bring the Bill forward in the House. The Labour Front-Bench spokesman on the matter is not present today. I am sure that their alternatives will do a very good job—I am not making personal comments about this—but I am simply saying that this is being rushed through in the most reckless fashion.

The Government have to consider seriously whether this is defensible, especially since, as has been made clear, it is very likely that parts of this Bill will be engaged in actions brought under the Human Rights Act in the courts. The fact there has been so little opportunity for scrutiny is a factor that will potentially be brought forward. I say that, as I have so often said before, not being a lawyer myself.

I would urge my noble friend to consider one of two perfectly attractive options: either to drop the Bill for the moment or to postpone Prorogation so the House can sit on Tuesday to give proper consideration to this legislation, both in the Government's interests and in the interests of the nation.

Baroness Williams of Trafford (Con): My Lords, I utterly appreciate noble Lords' frustrations about Bills that are either going to be included or not going be included. As with every Bill in wash-up, it was agreed in the usual channels in both Houses following negotiations yesterday.

On the point about my noble friend the Lord Privy Seal not mentioning this yesterday, the Lord Privy Seal was very clear, as I have been, that a certain amount of fluidity and flexibility is involved with wash-up. We were always clear that discussions were ongoing. These are the final two Bills. As I say, the usual channels have agreed that the Bill will be done as part of wash-up. The noble Lord, Lord Kennedy, the House will be delighted to know, will be taking the leasehold Bill from the Opposition Benches.

Lord Howard of Rising (Con): I very much appreciate what my noble friend the Chief Whip has said, but the fact is that it is still a disgrace. It is not washing up—it is letting all the water out. You have a major piece of legislation that creates certain precedents, and it is being rushed through here without a moment's notice. It was not even known yesterday morning, or my noble friend the Lord Privy Seal would have mentioned it at that stage. Does the Chief Whip think this is appropriate?

Baroness Williams of Trafford (Con): As I say again, I appreciate the frustrations of Bills either being included or not being included. Such is the nature of wash-up; these things often happen—it is nothing unusual, and I hope that noble Lords will go through the Bills we have today with the customary respect and good humour.

Pet Abduction Bill

Order of Commitment

10.53 am

Moved by ***Lord Lexden:***

That the order of commitment be discharged.

Lord Lexden (Con): My Lords, I understand that no amendments have been set down to this Bill and that no noble Lord has indicated a wish to move a manuscript amendment or speak in Committee. Unless, therefore, any the noble Lord objects, on behalf of the noble Lord, Lord Black of Brentwood, I beg to move that the order of commitment be discharged.

Motion agreed.

Pet Abduction Bill

Third Reading

10.53 am

Motion

Moved by ***Lord Lexden***

That the Bill do now pass.

Lord Lexden (Con): My Lords, with the leave of the House, I will say a few final words on behalf of my noble friend Lord Black of Brentwood, who took this Bill through Second Reading and is very sorry that he cannot be in his place today. I am glad to act on his behalf.

This is an important and long overdue Bill for those who love animals and, particularly, those who own dogs and cats. It is being recognised in law for the first time that they are sentient beings, and their abduction is very different from the theft of an inanimate object such as a phone or a laptop. As we heard on Second Reading, cats and dogs are part of families, and the law needs to reflect the appalling human toll that their abduction brings with it. We need to ensure that this callous crime is both recorded by the police and punished severely.

Many people have been involved in the progress of the Bill. Anna Firth in the other place introduced the legislation and piloted it through with skill and energy. She deserves much credit. Many charities have lent strong support. My noble friend the Minister and his officials have been extremely helpful throughout, and the opposition parties have ensured there is strong cross-party support for this measure. I am grateful to them all. This is an important day for animal welfare, and I am delighted that the Bill will reach the statute book right at the end of a Parliament that has seen great progress on this issue, which is of such importance to our society.

Bill passed.

Paternity Leave (Bereavement) Bill
Order of Commitment

10.55 am

Moved by ***Baroness Anderson of Stoke-on-Trent***

That the order of commitment be discharged.

Baroness Anderson of Stoke-on-Trent (Lab): My Lords, I understand that no amendments have been set down to this Bill and that no noble Lord has indicated a wish to move a manuscript amendment or speak in Committee. Unless, therefore, any the noble Lord objects, I beg to move that the order of commitment be discharged.

Motion agreed.

Paternity Leave (Bereavement) Bill
Third Reading

10.55 am

Motion

Moved by ***Baroness Anderson of Stoke-on-Trent***

That the Bill do now pass.

Baroness Anderson of Stoke-on-Trent (Lab): My Lords, I beg to move that this Bill do now pass. Time is short, and we have a busy agenda today, but I want to thank your Lordships' House and the usual channels for ensuring this very necessary Bill becomes law before the imminent general election. Today, we have the opportunity, and have taken a step, to support new parents when a mother dies in childbirth or an adoptive parent dies within the child's first year. Fathers like Aaron Horsey, who lost his wife Bernadette four hours after the birth of their son Tim, will never again have to think about their employment rights in the darkest days of their grief.

I especially thank my honourable friend in the other place, Chris Elmore, the Member for Ogmore, who sponsored this Bill, and Darren Henry, who first acted for Aaron after his wife died, as well as both Front Benches for their unflinching support. I wish everyone well on the campaign trail and remind Members of your Lordships' House to buy sunscreen. I beg to move that this Bill do now pass.

Bill passed.

Building Societies Act 1986 (Amendment) Bill
Order of Commitment

10.57 am

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

That the order of commitment be discharged.

Lord Kennedy of Southwark (Lab Co-op): My Lords, I understand that no amendments have been set down to this Bill and no noble Lord has indicated a wish to move a manuscript amendment or speak in Committee. Unless, therefore, a noble Lord objects, I beg to move that the order of commitment be discharged.

Motion agreed.

Building Societies Act 1986 (Amendment) Bill
Third Reading

10.57 am

Motion

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

That the Bill do now pass.

Lord Kennedy of Southwark (Lab Co-op): My Lords, I beg to move that this Bill do now pass. In doing so, can I make a few brief remarks? I thank the Minister and the officials at His Majesty's Treasury. I remember ringing my honourable friend in the other place, Julie Elliott MP for Sunderland Central, who put the Bill forward in the other House, when I found out that she was number one in the Private Members' Ballots there. I knew this Bill was wanted, and I was very pleased that after a few phone calls I had persuaded her to take it forward.

I also thank the Building Societies Association for the work it has done to bring this forward, particularly Robin Fieth, the chief executive, and Kate Creagh, the parliamentary officer, as well as my friend Fiona Stanton, who has worked with me on getting this Bill through to this place today. The Bill itself enables building societies to raise more funds other than from their own members' deposits and makes changes to administrative rules to bring them in line with banks. It has cross-party support, it will do much good, and it will enable more people to borrow money and own their own home. I thank everyone for their support.

Bill passed.

British Nationality (Irish Citizens) Bill
Order of Commitment

10.59 am

Motion

Moved by ***Lord Hay of Ballyore***

That the order of commitment be discharged.

Lord Hay of Ballyore (DUP): My Lords, I understand that no amendments have been set down to this Bill and that no noble Lord has indicated a wish to move a manuscript amendment or to speak in Committee. Unless, therefore, any noble Lord objects, I beg to move that the order of commitment be discharged.

Motion agreed.

British Nationality (Irish Citizens) Bill

Third Reading

10.59 am

Motion

Moved by ***Lord Hay of Ballyore***

That the Bill do now pass.

Lord Hay of Ballyore (DUP): My Lords, I congratulate the Government and all the political parties in this House on the spirit in which they approached this Bill. This is an issue that goes back almost 20 years. The first Private Members' Bill on the subject was introduced in the House of Commons in 2005 by my colleague Gregory Campbell. Unfortunately, it fell out of time. I can tell your Lordships that when I heard of the election date being announced, I almost said to myself, "Where is the Bill now? Has it fallen again after 20 years?" But no: with the good co-operation of the House and all the political parties, the Bill is on the Order Paper today and at its very final stages. I thank everybody very much. It is a Bill that will allow people who want to demonstrate their Britishness to apply for a British passport and for British citizenship without going through a lengthy process and without paying a huge amount of money. I thank the House.

Lord Coaker (Lab): My Lords, I will very briefly pay tribute to the work that the noble Lord, Lord Hay, has done, but also to lots of other Members—he has mentioned Gregory Campbell; his leader, Gavin Robinson; and many others, including the noble Lord, Lord Dodds, who is sitting next to him—who have corrected an anomaly that has been outstanding for a number of years. It is an important anomaly that needed correcting. I pay tribute to the work that he and many others have done in arriving at this day.

Bill passed.

Zoological Society of London (Leases) Bill

Order of Commitment

11.01 am

Motion

Moved by ***Lord Randall of Uxbridge***

That the order of commitment be discharged.

Lord Randall of Uxbridge (Con): My Lords, I understand that no amendments have been set down to this Bill and that no noble Lord has indicated a wish to move a manuscript amendment or to speak in Committee. Unless, therefore, any noble Lord objects, I beg to move that the order of commitment be discharged.

Motion agreed.

Zoological Society of London (Leases) Bill

Third Reading

11.02 am

Motion

Moved by ***Lord Randall of Uxbridge***

That the Bill be now read a third time.

Lord Randall of Uxbridge (Con): I wonder whether King's consent comes in now. Anyway, I beg to move.

The Parliamentary Under-Secretary of State, Department for Culture, Media and Sport (Lord Parkinson of Whitley Bay) (Con): A member of the most excellent Privy Council has to give King's consent, so I suggest that the House adjourn during pleasure for two minutes so that a privy counsellor can join the Government Front Bench.

11.02 am

Sitting suspended.

11.04 am

Baroness Williams of Trafford (Con): My Lords, I have it in command from His Majesty the King to acquaint the House that His Majesty, having been informed of the purport of the Zoological Society of London (Leases) Bill, has consented to place his interest, so far as it is affected by the Bill, at the disposal of Parliament for the purposes of the Bill.

Motion agreed.

Motion

Moved by ***Lord Randall of Uxbridge***

That the Bill do now pass.

Lord Randall of Uxbridge (Con): My Lords, I will say a very few brief words. First, I will redress an omission from my Second Reading speech in not paying tribute to the noble Lord, Lord Paul, who has been a very generous donor to the Zoological Society of London. We should all recognise his valuable contributions.

Yesterday, I advised the excellent director of the Zoological Society of London, Matthew Gould, that he might have to invest in some groundhogs, because this Bill was threatened with extinction and I was not sure that we would get it through. However, with my extremely grateful thanks to so many people both in your Lordships' House and down the other end, the civil servants and a lot of people from the very highest—or almost the very highest—to Back-Benchers like me, we are where we are today. I thank everybody for bringing this Bill back from the brink, just as the Zoological Society of London has over the years brought back species that were threatened with extinction. I particularly mention my honourable friend Bob Blackman, who did so much work down the other end.

This Bill will give us certainty for important conservation work, which will create an opportunity for the Zoological Society of London to create a world-leading centre for nature. I hope, understand and can see that nature is shooting up the international agenda. ZSL will also be able to update and improve a lot of the facilities in the zoo. As we heard at Second Reading, the zoo gives a lot of pleasure not just to noble Lords but to people all over, young and old. I advise any noble Lords who get a little fed up with the endless election broadcasts to go and have a few minutes talking to the animals and refreshing themselves.

Lord Parkinson of Whitley Bay (Con): I will very briefly add my thanks to my noble friend Lord Randall of Uxbridge, who has stewarded the Bill expertly through your Lordships' House, not least in the last 24 hours, when he has been a redoubtable champion for it. I echo his thanks to our honourable friend Bob Blackman MP, who championed it in another place. I thank my noble friend the Chief Whip, who sprang like a gazelle into your Lordships' Chamber to make sure it could reach the statute book. As my noble friend Lord Randall says, it enjoys the wholehearted support of the Government and, as we saw at Second Reading, unanimity of support from across your Lordships' House. I am grateful to officials in my department who have worked on it, not least to my private secretary Rebecca Tuck and our colleagues in my private office, Jack Mattless, Claudia Harper and Nausheen Khan, who have been excellent zookeepers to me over the past couple of years.

Bill passed.

Counter-Terrorism and Security Act 2015 (Risk of Being Drawn into Terrorism) (Revised Guidance) Regulations 2024

Motion to Approve

11.08 am

Moved by ***Lord Sharpe of Epsom***

That the draft Regulations laid before the House on 7 May be approved.

The Parliamentary Under-Secretary of State, Home Office (Lord Sharpe of Epsom) (Con): My Lords, this instrument relates to Prevent in Scotland. After the approval of both Chambers last year, the Prevent duty guidance for specified authorities in England and Wales came into effect on 31 December 2023. Prevent is one of the pillars of Contest, the United Kingdom's counterterrorism strategy. The aim of Prevent is to stop people becoming terrorists or supporting terrorism. It also extends to supporting the rehabilitation and disengagement of those already involved in terror. Put simply, Prevent is an early intervention programme to help keep us all safe. To do so effectively, it requires front-line sectors across society, including education, healthcare, local authorities, criminal justice agencies and the police, to support this mission.

This is why we have the Prevent duty, set out in the Counter-Terrorism and Security Act 2015. It sits alongside established duties on professionals to protect people from a range of other harms, such as involvement in gangs or physical and sexual exploitation. The Prevent duty helps to ensure that people who are susceptible to radicalisation are offered timely interventions before it is too late. Of course, none of this is easy. There is no single track to a person being radicalised. Many factors can, either alone or combined, lead someone to subscribe to an extremist ideology, which in some cases can lead into terrorism. These factors often include exposure to radicalising influences, real and perceived grievances and an individual's own susceptibility. The Prevent duty guidance exists to help those working in front-line sectors navigate these challenging situations. The Counter-Terrorism and Security Act requires specified authorities to have regard to this guidance.

It is challenging, but we must always strive for excellence, so the Government are committed to ensuring that Prevent is effective. The *Independent Review of Prevent* was published on 8 February 2023 and in it Sir William Shawcross made 34 recommendations, all of which were accepted by the Home Secretary. Last year, we implemented the Prevent duty guidance for England and Wales, responding to several of Sir William's recommendations, and the updated guidance for Scotland, which is the subject of this statutory instrument, was issued on 7 May and will ensure that Scotland, too, can benefit from updated guidance and best practice. The Home Office worked at pace with the Scottish Government to ensure that the updated Prevent duty guidance for Scotland is closely tailored to the Scottish context.

The guidance has updated Prevent's objectives to make it clear that Prevent should tackle the ideological causes of terrorism. It sets out requirements more clearly articulating the need for high-quality training so that risk can be identified and managed. It provides an updated threat picture and gives details of the strategic security threat check, which helps Prevent recognise and respond to the greatest threats. This will ensure that Prevent is well equipped to counter the threats that we face and the ideologies underpinning them.

As well as responding to the recommendations in the *Independent Review of Prevent*, the guidance reflects current best practice. It supports and exemplifies the excellent work that we know takes place across the country to help keep us safe and prevent people from becoming terrorists or from supporting terrorism. The guidance will assist specified authorities in Scotland to understand how best to comply with the duty. It includes details of the capabilities that they should have to be able to identify and manage risk. It also advises on how they can help create an environment where the ideologies that are used to radicalise people into terrorism are challenged and not permitted to flourish.

People with responsibilities relevant to the delivery of Prevent were consulted on the guidance. A range of key Scottish Government partners were engaged throughout the development of the updated guidance; their feedback has been positive. The Government have been working closely with these partners to roll out the guidance and support its implementation.

[Lord Sharpe of Epsom]

Subject to the approval of this House, the statutory instrument will bring the new guidance into effect on 19 August 2024, replacing the 2015 guidance. It will strengthen the Prevent system and help us to keep safe. I beg to move.

Lord West of Spithead (Lab): I stand briefly to say that the Intelligence and Security Committee fully supports this.

Lord Coaker (Lab): We support the extension. It is important to highlight that this statutory instrument simply extends the guidance to Scotland. Although counterterrorism legislation is a reserved matter, the delivery of the Prevent programme is for the devolved Administrations, so this is therefore necessary with respect to Scotland. I have only one question: why 19 August? We wondered why it could not be immediate. Is there a particular reason for that? Notwithstanding that, we fully support the SI.

Lord Sharpe of Epsom (Con): I thank both noble Lords for their support. Given that this is my second-to-last outing from the Dispatch Box, I am delighted to be able to answer that question: I have not the faintest idea.

Motion agreed.

Licensing Act 2003 (UEFA European Football Championship Licensing Hours) Order 2024

Motion to Approve

11.14 am

Moved by ***Lord Sharpe of Epsom***

That the draft Order laid before the House on 8 May be approved.

The Parliamentary Under-Secretary of State, Home Office (Lord Sharpe of Epsom) (Con): My Lords, this summer the UEFA European Football Championship will take place in Germany. Happily, both the England and Scotland men's national teams have qualified to take part. Therefore, I am before your Lordships today to propose the extension of licensing hours if either England or Scotland, or indeed both, reach the semi-final on 9 and/or 10 July and the final on 14 July.

The Secretary of State is allowed, under Section 172 of the Licensing Act 2003, to make such an order to relax opening hours for licensed premises to mark occasions

"of exceptional international, national, or local significance".

As I hope your Lordships will agree, the progression of England and Scotland, or both, to the late stages of the competition would represent just such an occasion. Should that happen, people will want to come together in celebration and support of the home nation teams.

The extension will apply to premises licences and club premises certificates in England and Wales, which license the sale of alcohol for consumption on the premises. These premises will be allowed to remain open until 1 am without having to notify the licensing authority via a temporary event notice, as would usually be the case. This contingent order only covers sales for consumption on the premises after 11 pm. It does not cover premises that only sell alcohol for consumption off the premises, such as off-licences and supermarkets. Premises that provide late-night refreshment—the supply of hot food or hot drinks to the public between the hours of 11 pm and 5 am—but do not sell alcohol for consumption on the premises will not be covered by the order. Such premises will only be able to provide late-night refreshment until 1 am if their existing licence already permits this.

The Home Office conducted a public consultation, which ran for 12 weeks. Over 80% of respondents agreed with the extension on the three proposed dates and that it would apply to England and Wales. The consultation received responses from numerous trade organisations that were in favour. However, it would be remiss of me not to mention that the police are not in favour of extending licensing hours, given the potential for increased disorder. Police deployments and resources are of course operational matters, but I am sure that forces will, as they have in the past, put in place plans to minimise the risk. It is also worth pointing out that this is a limited two-hour extension to licensing hours, which is a proportionate approach to mark these events.

I will make two further points before concluding. First, because licensing is a devolved matter, if either England or Scotland is successful in reaching either the semi-final or the final, the extension will only apply to licensed venues in England and Wales. Secondly, if neither of the teams reaches the semi-final, normal licensing hours will apply on 9 and 10 July. If either or both teams reach the semi-final, but neither team is in the final, normal licensing hours will apply on 14 July. There will be great interest in the upcoming tournament, which is why we have brought forward this order. Finally, I wish both the England and Scotland teams the very best of luck. I beg to move.

Lord Coaker (Lab): My Lords, we support the SI. I will make just one suggestion to the Minister—that he make sure that the Prime Minister is fully aware of the contents, to avoid any further embarrassment in the future.

The other point that I would like to make is that I think that the Government are making a proportionate response. It is an important relaxation of licensing laws in very particular circumstances. I join the noble Lord in wishing both England and Scotland all the very best in the tournament in a few weeks' time.

I also take this opportunity, since this is the last time I will be speaking, to thank the Minister for his co-operation in everything that he has done. I thank former Ministers who are also present, too, for the work that they did, as well as others on other Benches. I very much appreciated that. I am glad that the noble and learned Lord, Lord Hope, is here. I have been very pleased to receive the numerous legal representations and to be informed how that all works, including understanding the difference between "minor" and "more than minor", if he remembers.

The serious point is that there is much division, as the noble Baroness, Lady Hazarika, said in her excellent maiden speech. There are political differences, but there

are also many things that we can provide for the benefit of the country by working together, which is what we all wish to see. I thank the noble Lord, Lord Sharpe, for the way he has conducted himself with his fellow Ministers. I wonder if he would be so good as to pass that on to the noble Baroness, Lady Williams, who before she became Government Chief Whip was also an excellent Minister. It would be remiss of me not to finish with that.

I have greatly appreciated the way in which the noble Lord, Lord Sharpe, has conducted his affairs. He is exemplary of how a government Minister should operate. Many of the Bills he has been involved with have been extremely difficult, and were I to be in his position—you never know—I suspect that others would turn round on me many of the questions that I have asked and I would then appreciate some of the difficulty in delivering a policy that we all agree needs careful attention. With that, I will finish, but I again thank the Minister very much for the way he has conducted himself. I appreciate the way in which he has conducted government business, as I know do my noble friend Lord Ponsonby and other noble Lords who have worked with him.

Lord Addington (LD): My Lords, the measure is very reasonable, and having an extra bit of time for celebration for a major event sets a good precedent. I wish both England and Scotland well—it is the wrong shaped ball for me, but hey, you cannot have everything.

I thank everybody here who has come together around certain issues and causes across the House, throughout the entire Parliament, to achieve things. It has been very valuable. I hope that nobody here gets bitten by a dog when delivering a leaflet.

Lord Sharpe of Epsom (Con): My Lords, I thank noble Lords for their support for this Motion, which, as noble Lords have said, is very important. As the noble Lord, Lord Coaker, said, much of the business of the Home Office is difficult, so it gives me pleasure that my last outing basically enables people to get properly on the lash—please drink responsibly. I wish England and Scotland all the best.

I have a few people I want to thank. I thank my noble friend Lord Murray of Blidworth, who did a lot of the heavy lifting, some months ago. His work was very much appreciated by me. I also extend my thanks to noble Lords opposite, and to the noble Lords, Lord Coaker and Lord Ponsonby, in particular, who have always dealt with me with great courtesy and respect. Together we have achieved a great deal, particularly in some tricky areas around national security. I extend my thanks to the noble and learned Lord, Lord Hope, who, frankly, saved my bacon on a very tricky Bill, which I have not forgotten; I appreciate it.

On a personal note, I thank my private office at the Home Office, which is very ably led by my private secretary, Mya Eastwood, who is amazing. The Home Office comes in for a lot of criticism on a regular basis, but, like an iceberg, 90% of what happens is below the surface. It is done extremely efficiently by a dedicated bunch of public servants. I hold them in very high regard and think that they do us all a great service in keeping the country safe and keeping many of the things that we rely on as a matter of routine happening, and for that they do not get enough credit. I finish by saying that I wish them all the best, and keep up the good work.

Motion agreed.

Recognition and Enforcement of Judgments (2019 Hague Convention etc.) Regulations 2024

Motion to Approve

11.23 am

Moved by ***Lord Bellamy***

That the draft Regulations laid before the House on 29 April be approved.

The Parliamentary Under-Secretary of State, Ministry of Justice (Lord Bellamy) (Con): My Lords, these regulations form part of the implementing framework for the Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters 2019. The purpose of the convention is to establish a set of rules about whether a civil or commercial judgment made in a court of one country may be recognised and enforced in another. Without such a uniform scheme, each country's domestic rules determine whether a foreign judgment will be recognised and enforced. This can cause uncertainty and a range of challenges for effective cross-border recognition and enforcement.

Following unanimous support in response to the government consultation, I signed the Hague convention 2019 on behalf of the United Kingdom in the Hague on 12 January this year. Once in force, the convention will apply between the United Kingdom and the existing parties, which include not only the EU but a range of other countries including Ukraine and Uruguay. The legislation now before the House is instrumental and necessary for the UK to proceed to ratification of the convention, which will proceed in due course once these regulations have been approved. Parallel processes will be in train in Scotland and Northern Ireland.

Joining Hague 2019 will provide greater clarity and confidence for businesses and individuals in their disputes, reduce costs, encourage international trade and enhance access to justice. It will also provide greater predictability as to whether a UK judgment can be enforced abroad, encourage businesses to choose the UK's world-class courts for international litigation in line with convention provisions and further increase the attractiveness of the UK for international dispute resolution. The convention will come into force for the UK just over a year after ratification, so we will be one of the early adopters of the convention and continue to be a leader in private international law. I beg to move.

Lord Thomas of Cwmgiedd (CB): My Lords, I warmly welcome this instrument. It is a singular achievement that we have done this. To an extent, it will remedy the EU's refusal to allow us to accede to the Lugano Convention. As the Minister said, it is extremely important in making sure that litigants who come to this country know that their judgements will now be much more easily enforceable. I add that the Arbitration Bill which was before this House would have achieved exactly the same objectives. It is extremely important

[Lord Thomas of Cwmgiedd]
to the international position of London as an arbitration and litigation centre that we keep our law up to date.

I thank all noble Lords—the Minister, in particular, as well as the Whips and the Government Chief Whip, the Leader of His Majesty's Loyal Opposition and their Chief Whip, and others on their Front-Bench team—and others in the other place for all they did to try to get the Law Commission Bill into the wash-up. A lot of loud noise was made, but it did not succeed.

I want to look forward and say that it is critical that overseas litigants who might choose London to have their disputes arbitrated, whether in contracts now or for the future, realise that this is, I hope, but a temporary hiccup and that we will find the means, with the co-operation of the Government and the Opposition, whichever roles they may be playing, and with the welcome support of those on the Liberal Benches, to go forward without having to go through it all over again. The Bill was agreed. There is one small amendment to be made to clarify something, but I hope we can get it on to the statute book as early as possible. It is a Bill that would help this country make money, and that, I am sure everybody agrees, is an imperative.

I thank the Minister enormously for what he has done while he has been in his position. As a Minister in the Ministry of Justice, he has laboured mightily on many matters, but I thank him in particular for what he has done to ensure that London stays at the forefront in the highly competitive world of dispute resolution in court and in arbitration.

Lord Hope of Craighead (CB): My Lords, I too very much welcome this measure for various reasons, which are set out very well in the Explanatory Memorandum. Some of the features which are set out in it are the care that has been taken to consult at various stages, the response to the consultation, and working together across the various jurisdictions within the United Kingdom to achieve harmony in the way we respond to the challenge that this convention has presented us with. The result is a happy one, and I am very happy to offer my support for this measure.

I join with the noble and learned Lord, Lord Thomas of Cwmgiedd, in his remarks about the Arbitration Bill. For the reasons he has given, it is extremely important that this Bill be brought back at the earliest possible opportunity and with the least possible complication. I know that there are procedures that always have to be gone through for Law Commission Bills, but it was very thoroughly debated at all its stages. It was really ready to go and it is a great disappointment that it has been lost because of the calling of the election. I hope that all those involved can move quickly to bring the Bill back, so that we can get the benefits the noble and learned Lord has identified.

Lastly, I join with him in expressing great appreciation for all that the noble and learned Lord the Minister has done in his position on behalf of the Ministry of Justice. It has been a pleasure to work with him and we wish him well for the future.

Lord Hacking (Lab): My Lords, I do not know whether my noble friend Lord Ponsonby is going to intervene, but I would just like to endorse entirely what the noble and learned Lords, Lord Thomas and Lord Hope, have just said. I speak as a member of the Public Bills Committee, which was so well chaired by the noble and learned Lord, Lord Thomas, and I hope my side of the House or the Minister's side of the House will quickly bring back the Arbitration Bill, for all the reasons given by the two noble and learned Lords.

Lord Sandhurst (Con): My Lords, I too welcome this measure, but I want to take this opportunity to echo the very generous words of praise from my noble and learned friend Lord Thomas of Cwmgiedd. My noble and learned friend Lord Bellamy has been a tremendous Minister. He has worked absolutely tirelessly under great pressure and it is no fault of his that we are losing the Arbitration Bill, which really is important. I think it is important that this point is made and it is very important that whoever wins the election understands that this Bill is important for the City of London which, whatever one's political views, brings enormous sums of money into this county and generates a lot of tax.

In the same breath, I am also very sorry that the litigation funders Bill, which I think was effectively uncontested—although it could probably do with a minor tweak—has also been lost. I very much hope that that is brought back and sent through quickly in the autumn. That Bill is also very important for the London legal market. I am not talking about small sums here and cases in the Competition Tribunal and so on could be taken elsewhere. It is really important that they stay in the United Kingdom and that we keep our top legal services.

Lord Marks of Henley-on-Thames (LD): My Lords, I add the support of these Benches for everything that all noble Lords have said, particularly the noble and learned Lord, Lord Thomas of Cwmgiedd, who led the special committee on the Arbitration Bill. I agree with him and other noble Lords about the Hague convention regulations, but I also express considerable concern about the loss of the Arbitration Bill and the Litigation Funding Agreements (Enforceability) Bill.

With others, I pay tribute to the work of the noble and learned Lord, Lord Bellamy, generally, and to the noble Lord, Lord Roborough, and the noble and learned Lord, Lord Stewart of Dirleton. We had the three government Ministers involved in this House on a delegation yesterday to try to save those two Bills. We have not succeeded, which is a great shame. I hope that we can unite to bring some pressure on the powers that be to improve the wash-up procedure so that Bills of great importance to the British economy can be taken through during the wash-up where there is absolutely no controversy about them, as is the case with both these Bills. They both could have been dealt with last night and today before Prorogation and they have not been. That is going to cause a big delay and it is a great shame. I hope the delay will be kept as short as possible.

Lord Ponsonby of Shulbrede (Lab): My Lords, we on our side support the statutory instrument and recognise and endorse everything the noble and learned Lord, Lord Bellamy, said regarding the importance of recognising the Hague convention and being one of the first adopters of the new convention and, as the

noble and learned Lord explained, the ratification process and the importance of the UK maintaining its status as a world leader in its courts system.

I agree with what the noble and learned Lord, Lord Thomas, said, about the Arbitration Bill. I well remember the Second Reading debate in the Moses Room, where the Back Bench was replete with retired Supreme Court judges—which, as the only non-lawyer taking part in that debate, was a very instructive process for me.

Every noble Lord who has spoken has really made the same point about the Litigation Funding Agreements (Enforceability) Bill and the Arbitration Bill. All I can say is that, from my side, I also did what I could to try to get these Bills to be recognised, but, as the Bills started in the Lords, that was a problem. I recognise what the noble Lord, Lord Marks, says about improving the wash-up procedure, because these are not politically contested Bills yet they are very important for UK plc. In the future, I will very much do what I can to make sure that my political party, whatever its position, will do everything it can to get these Bills on the statute book as quickly as possible.

Lord Bellamy (Con): My Lords, I thank all noble Lords who have spoken and I particularly thank those who have been kind enough to express personal regards in remarks about me—to which I would respond only that no one operates individually and I have a wonderful team in my private office. I have magnificent officials in the Department of Justice. I have very strong ministerial colleagues both in this House and in the other place. We work as a team and it is that team that keeps us, as it were, in orbit and it is to them that one owes the warm thanks of this House.

The main point made by all noble Lords is to express unanimous disappointment, regret and frustration at the loss of the Arbitration Bill and the Litigation Funding Agreements (Enforceability) Bill. I can only agree with those sentiments and express the profound hope for both those measures, particularly the Arbitration Bill, under the chairmanship of the noble and learned Lord, Lord Thomas of Cwmgiedd, where so much work was done was done by the special committee, at Second Reading and elsewhere that it would be an enormous regret and a very serious black mark on our processes if all that had to be done again.

I very much hope that, whatever Government is in power, that Bill, in particular, is brought back as soon as possible and that we are not defeated or held up in any way by inflexible and archaic procedures. The same applies with equal force to the litigation funders Bill. With those brief comments, I commend the regulations.

Motion agreed.

Coroners (Suspension of Requirement for Jury at Inquest: Coronavirus) Regulations 2024

Motion to Approve

11.38 am

Moved by ***Lord Bellamy***

That the draft Regulations laid before the House on 2 May be approved.

Relevant document: 25th Report from the Secondary Legislation Scrutiny Committee.

The Parliamentary Under-Secretary of State, Ministry of Justice (Lord Bellamy) (Con): My Lords, this instrument is an important part of the Government's ongoing support for coroners' services in their continuing recovery from the impact of the Covid-19 pandemic. It extends for a further two years the disapplication of the statutory requirement for any inquest into a death involving Covid-19 to be held with a jury.

As noble Lords will recall, the Coronavirus Act 2020 removed the requirement for juries in coroner cases in many—indeed, at the time almost all—circumstances, following which the Judicial Review and Courts Act 2022 provided that juries should not automatically have to be empanelled in cases involving a Covid-19 death. That provision was extendable, and the present regulations seek to extend that exception for a further two years.

I have three points to make. First, it is entirely open to any coroner to empanel a jury if he thinks fit; it does not prevent there being a jury but simply gives the coroner discretion, rather than automatically having to have a jury. Secondly, there is, as I have just said, a sunset provision as the extension is limited to two years. Thirdly, this measure helps reduce the delays that I am sorry to say are still besetting coroner services and the system of coronial inquests. I understand, on the basis of a comment from the senior coroner in the north-west of England, that for each day of a listing for an inquest without a jury, it takes a week's listing with a jury. So, to empanel a jury automatically in all these cases, irrespective of whether you need a jury, is, in the Government's view, somewhat excessive provided that the coroner also always has the power to empanel a jury if he wishes to.

The Government are concerned about the impact of inquest backlogs, particularly on bereaved families, and feel that this measure, if the House agrees it, will support coroners in their continuing efforts to reduce those backlogs and promote the Government's objective of putting the bereaved at the heart of the coronial process. Of course, in high-profile cases it always remains possible and open to the coroner to empanel a jury. For those reasons, I commend the regulations to the House.

Viscount Stansgate (Lab): My Lords, I would like to ask the Minister one question in relation to something he just said about the families and the fact that coroners will have discretion. If, for whatever reason, a family wishes a coroner's procedure to proceed with a jury, what weight would a coroner place upon that in deciding in his or her discretion whether to empanel one?

Lord Bellamy (Con): My Lords, I cannot answer for individual coroners, but I would venture to suppose that such a circumstance would have great weight with most coroners.

Lord Sandhurst (Con): My Lords, I welcome these regulations. It is very important that backlogs are reduced. It is very damaging to the families and, very often, to the witnesses who may have been involved in a very serious matter that has caused them grief even if they

[LORD SANDHURST]
are not a direct victim. The sooner these things are resolved, the better. It is important also that, where a jury is properly required, it is not passed to one side simply for administrative convenience.

I also take this opportunity to remind the House that, as of this date, coroners are still the responsibility of local authorities. That does not lead to efficiency or proper funding and resources. I hope that it will not be too long, as senior coroners in the past have urged, before the coronial system is put on a proper national basis within the courts service.

Baroness Hodgson of Abinger (Con): My Lords, I too welcome these regulations. I am very pleased to hear that measures are being taken to try to clear the backlogs and that the bereaved are put at the heart of the coronial cases. However, I would like to ask my noble friend a question. I have heard that, in some cases, where there have been long backlogs and families have been waiting for an inquest, unable to move forward. They have then been told that the inquest is not being held in person; it will be done on paper. I ask that the wishes of families are taken into account very seriously.

One person who contacted me about this was desperately upset. She had been waiting for an inquest and hoped that she would get answers to some of the questions she had about why her mother had one minute been coming home from hospital and, the next minute, was on an end-of-life pathway due to having picked up coronavirus. She felt that, having waited for two years and having really agonised about this, she was being brushed aside because it was being put into a paper inquest.

So I welcome these regulations, because clearly the shortest time possible between a death and an inquest is desirable. As my noble friend Lord Sandhurst said, for some of the witnesses as well it is better to close these things. However, where there have been long waits, to suddenly hear there will be a paper inquest, which the person who contacted me would not be able to be party to except to hear the results, is far from satisfactory.

Lord Ponsonby of Shulbrede (Lab): My Lords, we support this SI. We thank the noble and learned Lord for everything he has said and recognise the point he made that the coroner will still have discretion, rather than there being a requirement to empanel a jury for hearings.

I want to make a slightly different point to the other noble Lords. Everyone has quite rightly said how backlogs affect families of those involved; that, of course, is true. But there is another, positive reason for continuing with the current arrangements, albeit on a temporary basis, and that is the quality of the decision-making itself. For any witnesses who are having to wait longer, there will inevitably be a degradation in their memory. For that reason—not just the very laudable reason of trying to reduce difficulties for families—the outcomes will be better through reducing the whole coronial process of reviewing these decisions.

Lord Bellamy (Con): My Lords, I thank all noble Lords for their contributions. I understand that guidance from the Chief Coroner explains that great weight should be given in particular to the wishes of the family. I accept, as others have said, that there are very serious delays in the coronial system. The example given by the noble Baroness sounds like a highly regrettable situation and I will ask my officials to look further into it.

I venture to say that the coronial system, as the noble Lord, Lord Sandhurst, has just observed, is ripe for a fairly thorough review. This division between local authority responsibility and judicial responsibility is probably not the most efficient or sensible arrangement. That is something we should do, both from the point of view of families going through a very traumatic situation of bereavement—it is very serious when things such as those mentioned by the noble Baroness happen. The point about witnesses is also a very fair and important one. This is ongoing work to tackle the delays in the coronial system and its general efficiency.

Motion agreed.

Tribunal Procedure (Upper Tribunal) (Immigration and Asylum Chamber) (Amendment) Rules 2024

Motion to Approve

11.49 am

Moved by ***Lord Bellamy***

That the Rules laid before the House on 1 May be approved.

Relevant document: 26th Report from Secondary Legislation Scrutiny Committee

The Parliamentary Under-Secretary of State, Ministry of Justice (Lord Bellamy) (Con): My Lords, these are the procedural rules to enable the Upper Tribunal to handle the new appeals regime under the Illegal Migration Act 2023. These rules are already in force: this is by nature of a made-affirmative statutory instrument, which has been in force but needs to be renewed unless it sunsets after 40 days.

As your Lordships will probably recall, the suspensive claims, already approved by Parliament in Sections 44 to 49 of the Illegal Migration Act 2023, are those cases where it is argued by the appellant that there would be serious and irreversible harm if they were to be removed or that the removal conditions were not met—for example, if they were actually lawfully in this jurisdiction.

Exceptionally, these rules are made by the Lord Chancellor instead of the Tribunal Procedure Committee, but there is very close liaison with the committee. Going forward, that committee will be able to amend or replace these rules as it deems appropriate under its usual procedures. That is all I need to say by way of explanation of this instrument. I commend the rules to the House.

Lord Ponsonby of Shulbrede (Lab): My Lords, we recognise the controversial background to this SI and the legislation that has really formed a backdrop to many months of deliberations in this Chamber. Nevertheless, this SI, as the noble and learned Lord explained, is already in place, and this is, essentially, a renewal of it.

Of course, there needs to be a robust and in-place appeals procedure. On that basis, we are happy to support the SI.

Lord Bellamy (Con): My Lords, I thank the noble Lord, Lord Ponsonby, for his support.

Motion agreed.

Energy Act 2023 (Consequential Amendments) Regulations 2024

Motion to Approve

11.52 am

Moved by ***Lord Callanan***

That the draft Regulations laid before the House on 13 May be approved.

The Parliamentary Under-Secretary of State, Department for Energy Security and Net Zero (Lord Callanan) (Con): My Lords, this instrument is technical in nature. It uses the power in Section 330 of the Energy Act 2023 to make various amendments as a consequence of the passing of that Act. The majority of these amendments relate to the independent system operator and planner—or ISOP—with most others relating to the governance of the gas and electricity codes and other minor amendments to the provisions relating to the hydrogen levy, competition in onshore electricity projects and heat networks.

The ISOP will be an expert, impartial body with responsibilities across both the electricity and the gas systems to drive progress towards net zero while maintaining energy security and, of course, minimising costs for consumers. With roles across the energy system, the ISOP will help plan and deliver the integrated system needed to secure our energy security, net zero and affordability goals. The ISOP will be independent, not only of other commercial energy interests but of the operational control of government. This means that it will be in a position to use its expertise to advise government and Ofgem on the critical decisions ahead.

Two types of amendment are needed to give the ISOP a stable legislative footing. The first is to reflect its public nature, a shift from the current ownership by National Grid. Examples include adding the ISOP to the lists of organisations to which freedom of information, public sector equality duties and Public Records Acts apply.

The second type is to reflect the fact that, unlike the current electricity system operator, which holds a transmission licence, the ISOP will hold an electricity system operator licence and a gas system planner licence. This will require updates in energy legislation to ensure that reference is made to the new ISOP licences, which will ensure continuity. Examples include updating the Energy Act 2013 so that the ISOP can continue the ESO's current work as the contract for difference counterparty. Lastly on the ISOP, it is worth noting that none of these changes will come into effect until the ISOP is created, and current legislative reference will remain while the ESO continues to operate the electricity system.

Let me now turn my attention to the changes made in relation to code governance reform. The Competition and Markets Authority has previously highlighted concerns regarding certain aspects of code governance. Under this new system, the existing code administrators and industry panels will be replaced by code managers, who will be selected and licensed by Ofgem. These code managers will be directly accountable to Ofgem, and their responsibilities will include making recommendations and, in some cases, decisions on modifications to the codes.

This statutory instrument enacts the necessary consequential changes across legislation to reflect the new governance framework and licensing regime. Finally, an amendment to the Gas (Northern Ireland) Order 1996 is made to ensure that the right primary legislation is in place should government decide to introduce the Hydrogen (Gas Shipper) Levy in Northern Ireland. With that explanation, I beg to move.

Baroness Blake of Leeds (Lab): My Lords, we welcome this SI. We spent many hours in the House debating the Energy Act 2023 and I am pleased to see that the statute book will be kept up to date as a result of our deliberations today. Furthermore, I understand that these measures will not incur a direct cost to business and that no consultation has been required to be undertaken as the changes are minor and technical in detail. I thank the Minister for his explanation today. We welcome the enhanced role, particularly setting up ISOP, and believe that this is the for the greater good and in the best interest of consumers. With those brief comments, I am pleased to support this measure.

Lord Callanan (Con): My Lords, I am grateful to the noble Baroness for her support. This is, as she said, a technical instrument. In fact, it might save the consumers money, which is one reason we wanted to put this through. We wanted to ensure that the technical procedures are enacted to allow the changes to be made. As this is possibly my last time at the Dispatch Box for this Government, I thank the noble Baroness and all her colleagues for all the co-operation that we have had over the years. I see the noble Baroness, Lady Hayter, sitting behind. During my time as Brexit Minister, we enjoyed lots of healthy debate and our informal private co-operation was, indeed, excellent. I hope we maintained a healthy respect for each other in our different roles. I thank both noble Baronesses for that and thank other Benches for the help and support they provided during my time in ministerial office. With that, I commend the regulations to the House.

Motion agreed.

Human Medicines (Amendments relating to Registered Dental Hygienists, Registered Dental Therapists and Registered Pharmacy Technicians) Regulations 2024

Motion to Approve

11.58 am

Moved by ***Lord Markham***

That the draft Regulations laid before the House on 29 April be approved.

The Parliamentary Under-Secretary of State, Department of Health and Social Care (Lord Markham) (Con): My Lords, the Government are proposing changes that would improve patient access to medicines from dental practices and pharmacies. The draft statutory instrument before the House today covers two distinct professions: dental therapists or hygienists and pharmacy technicians. It will enable them both to use the full range of their skills to supply patients with the medicines they need, in a timely manner.

Our proposed changes will put exemptions in place for dental therapists and dental hygienists to supply or administer a range of medicines to patients which are part of their day-to-day job without having to refer to a dentist, so that they can deliver care without the need to organise additional appointments, or interrupt colleagues who are busy with other patients.

These are sensible, common-sense measures, freeing up precious time for clinicians and patients alike. Healthcare professionals have a responsibility to carry out care only where it is safe and they are competent to do so. Many of these professionals will already have extensive experience of using these medicines, but of course we will not compromise on safety.

Noon

Dental practices will be responsible for making sure that the clinicians undertaking the procedures have the knowledge, qualifications and skills to carry them out safely; and training will be made available for those who want to make use of the exemptions.

I turn to pharmacy technicians. Our proposals will allow them to supply or administer medicines to patients using mechanisms called patient group directions. A patient group direction—PGD—is a written instruction that allows some healthcare professionals to supply or administer specified medicines to patients with a certain condition, without the need for a prescription. They are developed by experts from a range of fields who thoroughly quality-assure every PGD before signing it off. Pharmacy technicians will be responsible for assessing whether patients fit the criteria.

Pharmacy technicians are qualified and regulated healthcare professionals, and noble Lords might have come across pharmacy technicians without realising who they are and what they do. You can find them in community and hospital pharmacies, GP practices, care homes, prisons, our Armed Forces and the pharmaceutical industry.

In conclusion, these regulations provide patients with access to a wider range of clinical services delivered by healthcare professionals with the right skills, at the right time, and support this Government's ambition to improve outcomes for patients, while reducing demand on other parts of the service. I beg to move.

Baroness Merron (Lab): My Lords, from these Benches, we support the overall terms of these draft regulations, particularly the measures on pharmacy technicians and dental hygienists, who have great value in providing timely and quality care to patients where it is safe and suitable for them to do so.

I know that the dental profession is very supportive of the intention to enable dental hygienists and dental therapists to supply and administer the majority of the medicines listed in the regulations. The Minister described the regulations as "common-sense", and I certainly share that assessment.

However, I just draw the Minister's attention to the inclusion of two medicines on the list: minocycline and nystatin. These were not supported by the BDA or the College of General Dentistry—I am sure the Minister is aware of this—for a number of reasons, including antimicrobial resistance. In the case of minocycline efficacy, it is not recommended in any national clinical guidelines and its use in dentistry is no longer accepted practice. Perhaps the Minister can therefore say whether the concerns of the key dental stakeholders were taken into account when the decision was made to retain these two drugs on the list. Can he also assure the House that there has been full and proper consultation with both the British Dental Association and College of General Dentistry on ensuring that the regulations are compliant with both national practice and existing clinical guidelines?

Efforts to increase the skill mix in our NHS dentistry workforce and across pharmacy more generally are welcome, but I am sure that the Minister will forgive me for thinking that we perhaps need to go rather further than technical tweaks if we are to reverse the crisis in which NHS dentistry finds itself. However, as I said at the outset, we support these regulations, and I hope that the Minister will be able to reassure us about the medicines that are included in the list.

As this is the last day that the House is sitting in this Parliament, I, like my colleagues before me and, I am sure, after me, would like to take the opportunity to say to the Minister, the noble Lord, Lord Markham, what a pleasure it has been to work with him while he has been in his role. He has always carried out that role with the greatest courtesy, but also with care and determination to improve things, no matter what obstacles he perhaps found in his way. I thank him for his dedication to his role. As he is standing in for the noble Lord, Lord Evans—who was due to be standing in for the noble Lord, Lord Markham—I also thank the noble Lord, Lord Evans, similarly, for the manner in which he has conducted himself in this House. He too has always been most helpful and a real pleasure to work with and has always tried his best to make progress, as I know we all wish to do.

Lord Markham (Con): I thank the noble Baroness for her kind words. Likewise, if the right words are "thoroughly enjoyed" then I have thoroughly enjoyed working with both the noble Baronesses on the Front Bench on that side, the noble Lord, Lord Allan—he is not here—and many other colleagues, including the noble Baroness, Lady Hayter. There are a number of common-sense things that we have managed to work through together.

I too take this opportunity to thank all noble Lords. It was a baptism of fire when I started two years ago, but I have come to really respect the function of the House and how well it holds our feet to the fire. We are all, in British society and in the Government, much the better for it.

On the questions raised, particularly regarding minocycline 2%, there were concerns raised, as the noble Baroness said, including by the British Society

of Periodontology. However, when it was looked at, it was felt overall that it was best to keep it on the list because the concerns are quite low. On balance, it was worth keeping it on the list, but keeping it under watch—for want of a better word. Concerns were also raised around nystatin oral suspension but, again, it was felt that there were certain health benefits for certain groups of patients. But there will be training associated with these medicines, to ensure patient safety.

I will happily write in more detail on these—as is my wont; that is my "get out of jail free" card, in many cases—to make sure those questions are properly answered. I welcome the comments from the other Front Bench that these are sensible arrangements. With that, I beg to move.

Motion agreed.

Code of Practice on Fair and Transparent Distribution of Tips

Motion to Approve

12.08 pm

Moved by ***Lord Johnson of Lainston***

That the draft Code of Practice laid before the House on 22 April be approved.

Relevant documents: 24th Report from the Secondary Legislation Scrutiny Committee

The Minister of State, Department for Business and Trade (Lord Johnson of Lainston) (Con): My Lords, just so that everyone is clear about these measures, "tips" covers all tips, gratuities and service charges. The code of practice will give legal effect to standards in the allocation and distribution of tips and transparency surrounding the keeping of records and the retention of written tipping policies.

As I am sure all noble Lords are aware, an initial draft of the code was published in December and updated following a public consultation. I say, on behalf of the department, that we are extremely grateful for all those businesses, workers and other stakeholders who provided helpful responses to the consultation. All those responses have been carefully considered. It is important to stress that many thousands—the vast majority, in fact—of hospitality venues, bars and clubs behave extremely well with tips. It is a crucial component of encouraging people to work in the hospitality sector, which is what we absolutely need in this country.

There are, however, some who have not behaved appropriately, and this code will ensure that there is an appropriate framework around which they now must operate. Law-abiding, legitimate processes will also be properly codified. We have also published a response to the consultation, setting out in more detail the feedback that we have received and the changes that have been made.

I have some technical points in conclusion. The updated code was laid before Parliament on Monday 22 April, pursuant to Section 9 of the Employment (Allocation of Tips) Act 2023, and approved by the House of Commons on Tuesday 14 May. The code contains summaries of the key intentions of the Act. It details the scope of the measures and provides further information on the need to maintain fairness in the allocation and distribution of tips and the need to uphold transparency in the handling of tips.

It was not the Government's intention that certain hospitality venues should re-engineer their tips process and describe them as "brand fees" or some other charge that could circumvent the principle that, when consumers believe that they are giving a gratuity to an individual member of staff, it goes to them rather than to the corporation that controls the venue. We have been in touch on some of the most high-profile cases and will continue to keep a close watch on them.

The code subsequently expands on how to resolve conflicts which arise between employers and workers, including impartial advice and assistance in resolving problems through ACAS and eventual escalation to an employment tribunal. Following approval by this House, the code of practice and the other remaining measures in the tipping Act will come into force on Tuesday 1 October, thus, I hope, cementing this Government's reputation as a true friend to all waiters, waitresses and hospitality workers across this country. I beg to move—and keep the tip.

Lord Addington (LD): My Lords, it is a pity that we have to do this, but it is good that we have done it. I am glad that it has happened.

Lord Leong (Lab): My Lords, I thank the Minister for introducing this code of practice, and the noble Lord, Lord Addington, for his contribution.

How often do we find ourselves in this situation? It is the end of a busy week and we are sitting among friends and colleagues in a beautiful venue, talking about the usual things—politics, the weather, or how unusually this week those two things have combined to make the news. As things inevitably draw to a close, our little group is presented with a Bill, which, after a bit of haggling and discussion, we agree on. So then we come to the matter of tips—or, more specifically, the draft Code of Practice on Fair and Transparent Distribution of Tips.

The hourly rates of pay in hospitality jobs are rarely fantastic, especially before Labour's national minimum wage, but they are often boosted considerably by tips. Although we do not have such a strong tipping culture as, say, the United States or many countries on the continent, tipping is nevertheless a considerable element of the hospitality economy. The prospect of tips encourages staff to provide a better service, and tips enable diners and drinkers to show their appreciation for the people serving them. Tips are symbolic of a very human connection: even when a meal may cost more than the student waiter may earn in a single shift, we see and acknowledge those who provide the service that makes our time enjoyable. There has always been an implicit understanding that, when we add a tip to the bill, our money will go to those doing the front-line work and often the lowest-paid jobs, on hourly, variable part-time wages.

[Lord Leong]

Although essentially transactional, tips oil the wheels of the industry. However, as we move more and more to a cashless society and tips become electronic digits on a card machine instead of notes in a jar on the bar, the transaction moves further away from the human and there is a risk that this direct connection is lost. Good employers in the sector value their staff and know that, if their customers have a positive experience, they are more likely to return. Treating staff well and honouring the connection between customer and server that a tip represents are important in retaining good staff, but some restaurant owners, and many high street restaurants and bars, have begun to see tips as part of their income stream and not a payment to their employees.

Even before Covid, hospitality was a tough business, operating on the finest of margins. The pandemic, more people working from home and the cost of living crisis have had an enormous impact on the sector, especially the night-time economy. The temptation for owners not to pass on tips is understandable, but the people who deliver the service also face the challenges of rising costs and fewer shifts. Many will always be dependent on tips as a crucial part of their income. It is wrong for this to be denied them.

12.15 pm

Labour supported this Act as it passed through Parliament. As part of *A New Deal for Working People*, we have already pledged to end unfair tipping practices and guarantee that workers get their tips in full.

This code of practice provides overarching principles on what fairness is for the purposes of tipping, including employers having a written policy on tipping. The updated code will have statutory and legal effect, which means that it can be introduced as evidence in an employment tribunal. We are delighted to support this, in what may be my last speech in this Parliament.

I give my thanks and appreciation to all noble Lords who have ensured that this legislation, which will mean a great deal to very many of the lowest-paid, hard-working people in the country, will become law. I thank the Minister for the courtesy and good humour he has shown me in my brief period as Opposition spokesman, as well as the noble Earl, Lord Minto, and the noble Lord, Lord Offord, who have shown me the same courtesy. I look forward to returning and seeing many noble Lords in this Chamber again in a few weeks' time, perhaps from a very different vantage point.

Lord Boateng (Lab): My Lords, I will raise one matter arising from when I was working as a community lawyer in the Queensway area, in W2, where there are many workers in the hospitality industry. It relates to the impact of tips on tax and benefits. I commend the work of the Low Incomes Tax Reform Group in this often neglected area.

This legislation and the code of practice are entirely welcome, as my noble friend Lord Leong has indicated, but the reality is that, as a result of this, some employers will be paying service charges over to workers for the first time, as opposed to keeping them, and will adopt different practices, such as removing service charges, so that they do not have to handle tips. It is therefore likely that more workers will receive tips and in larger amounts. That is wholly desirable and to be welcomed, but it will have implications for tax and welfare benefits.

We have seen the consequences when sufficient attention is not paid to the impact of additional payments on people's entitlement to welfare benefits—it can have extremely adverse implications for the individuals concerned. The Low Incomes Tax Reform Group made representations to the department during the welcome consultation that there should be clearer signposting to HMRC and the benefits department to make sure that there will not be adverse unintended consequences for employers and employees.

I can find only one reference to tax implications, which is a sort of signpost, in paragraph 2(a) of the code of practice. I urge the Minister to go back to the department and make sure that, when this is promulgated, there will be clearer signposting on the tax and benefit implications of this welcome code.

Lord Johnson of Lainston (Con): I thank noble Lords for their interventions. If I may turn to the specific points raised by the noble Lord, Lord Boateng, I completely agree with his comments. I will certainly take them back to the department. As with all things, there are often unintended consequences. As Minister for better regulation, I am very aware that we do not want to drive restaurants and so on to stop giving tips to staff. If Hanson's Café was allowing people to keep tips, and then decides that the new legislation means it wants to remove the principle, we should be aware of that and monitor it closely.

As the noble Lord, Lord Addington, raised, it is important that people know that their tips are now going to go to the waiting staff. I regret that we have to bring this type of legislation forward. It is a surprise to many of us that this is necessary, but I think it is necessary. This code of practice will give a great deal of transparency and clarity.

As the noble Lord, Lord Leong, said, it is vital that we have an effective tipping policy. It is not simply a gratuity or a nice to have. We need to have a functioning hospitality industry. Tips play an important part in compensating and incentivising the service industry, so it is really important that the Government and all of us in this House see the importance of legislation such as this to ensure that the system runs properly, people are treated fairly and the economy can function as a result.

I will take all points back to the department. I assure the noble Lord, Lord Boateng, that his point is fed in directly. I reassure the House that there are no changes to the tax processes on account of this legislation. Clearly, there are different tax treatments for various types of tip, in terms of cash, whether is it paid through a tronc or directly from the venue under the new principles. It is right to make sure that they are clearly signposted.

In response to the kind comments from the noble Lord, Lord Leong, it has been an enormous pleasure to work with him over the last year or so. I think we have achieved a great deal together for this country and I am very proud of the collaboration that we have

managed to achieve in so many different areas. I extend these comments to his colleague, the noble Lord, Lord McNicol, who has been extremely collaborative and very supportive. I know they are not in their usual place, but the noble Lords, Lord Fox and Lord Purvis, have also been highly collaborative, although they like to ask me as difficult questions as possible. I am not sure how much that will be missed in the future, depending on various different outcomes. I am extremely proud of the work that we have done on our free trade, business and regulatory agenda. We can all feel that this last piece of important legislation is a job well done. I beg to move.

Motion agreed.

Sanctions (EU Exit) (Miscellaneous Amendments and Revocations) Regulations 2024

Motion to Approve

12.22 pm

Moved by ***Lord Harlech***

That the Regulations laid before the House on 15 May be approved.

Relevant document: Instrument not yet reported by the Joint Committee on Statutory Instruments.

Lord Harlech (Con): My Lords, in recent years, the UK has transformed its use of sanctions. We have deployed sanctions in innovative and impactful ways, including in our response to Russia's invasion of Ukraine. We take a rigorous approach, carefully targeted to deter and disrupt malign behaviour and to demonstrate our defence of international norms. This statutory instrument covers several measures which will strengthen our sanctions regimes across the board and allow us to continue the work already being implemented across government.

I will now turn to each measure within this SI in turn. In October 2023, the Government added a new type of sanction to the Sanctions and Anti-Money Laundering Act 2018, that of "director disqualification sanctions". This instrument uses that new power to amend the UK's autonomous sanctions regimes, which will mean the Government can apply it to individuals designated under these regimes. It will be an offence for a designated person subject to this new measure to act as a director of a company or take part in the management, formation or promotion of a company. This will further prevent those sanctioned from deriving benefit from the UK economy. It is an important addition to the UK's sanctions toolkit.

This instrument provides Ministers with the flexibility to apply the new measure on a case-by-case basis. The Government will ensure that the measure is targeted and operates alongside the UK's full suite of sanctions powers. It also enables the Government to issue licences to persons to allow them to undertake activity that is otherwise prohibited. The FCDO has been working closely with the Department for Business and Trade, Companies House and the Insolvency Service on the implementation of this measure.

The SI will also clarify the sanctions enforcement remit of His Majesty's Revenue & Customs. HMRC has well-established responsibilities for enforcing trade sanctions in its capacity as the UK customs authority. In recent years, however, the scope of trade sanctions has evolved beyond import and export prohibitions, to include matters outside HMRC's customs remit, such as sanctions on stand-alone services.

Last December, the Government announced the decision to establish the office of trade sanctions implementation—OTSI—within the Department for Business and Trade to enforce these new types of measures under civil law. Once it starts operating, OTSI will also be able to refer serious offences to HMRC for criminal enforcement consideration. HMRC will continue to have both civil and criminal enforcement responsibility for sanctions within its customs remit.

This legislation is needed to clarify the sanctions measures for which HMRC is solely responsible for enforcing and those which it will investigate on referral from OTSI or another civil enforcement organisation. It will establish a consistent approach to the enforcement of trade sanctions. It will facilitate HMRC and OTSI working in close partnership to robustly enforce all trade sanctions against Russia and other target countries using civil and criminal powers.

On the financial sanctions side, the SI includes new obligations for persons designated under the Belarus regime to report any assets they own, hold or control in the UK, or worldwide as a UK person, to the relevant authorities. The measure is another step in improving the transparency of assets owned, held or controlled in the UK by designated persons, and will strengthen the ability of His Majesty's Treasury's office of financial sanctions implementation to implement and enforce UK financial sanctions.

Importantly, the measure will act as a dual verification by enabling the comparison of disclosures by designated persons against existing reporting requirements which bite on firms such as financial institutions. Under the new requirement, the Government will be able to penalise those who make deliberate attempts to conceal assets to escape the effects of sanctions. An equivalent reporting obligation was placed on designated persons under the Russia regime in December 2023. Therefore, the extension of this requirement to Belarus also ensures alignment between the Russia and Belarus regimes, which is particularly vital given the frequent overlap of the Belarus and Russia sanctions regimes and the co-operation between the two states in relation to Russia's invasion of Ukraine.

We have also included several sanctions on Belarus on the export of "battlefield goods". These are goods such as electronic equipment and integrated circuits, as well as firearms and aerospace technology. These new measures also prohibit the import of Belarusian aluminium into the UK, both the metal itself and aluminium products. Aluminium products are a sector of strategic importance to Belarus and have been its top export to the UK. Although the UK nexus with the Belarusian economy is limited, the signalling impact of our sanctions on Belarus is and will remain important.

[Lord Harlech]

We keep sanctions under constant review and reserve the right to introduce further measures so that the Lukashenko regime continues to feel the consequences of its lack of respect for human rights and its support for Putin's war.

Finally, we are also revoking the Burundi sanctions regime. This will remove an empty regime from the statute books. The decision in 2019 not to transpose into UK law designations under the original 2015 EU sanctions regime reflected the improved political situation in Burundi. We do not have the same level of concern about widespread political violence in Burundi that led to the original decision to impose this regime so have made no designations under it.

12.30 pm

As we set out in the recent UK sanctions strategy, the Government keep our regimes under review and respond to changing circumstances. We are committed to lifting a regime or specific measure, or revoking a designation, when the original objective is no longer served by their continuance.

In conclusion, sanctions continue to play an important part in the UK continuing to build upon its already impressive sanctions capability. In the years since the landmark Sanctions and Anti-Money Laundering Act 2018, our approach to sanctions has evolved considerably to respond to changes in the world, and we will continue to work on sanctions to meet any new challenges. I beg to move.

The Earl of Kinnoull (CB): My Lords, I will speak briefly, but I certainly welcome the regulations. I want to reflect on a couple of things before asking the noble Lord to confirm something.

First, I will reflect on the cycle of sanctions. The cycle is that there needs to be a co-ordinated approach between various nations which are thinking of doing some sanctioning, and then after that there is the putting down of the sanction mechanisms. It is important to realise that it is very complicated to put these down, particularly when there are names of either people or legal entities using the letters of other alphabets—even the G7, which I will come on to in a moment, includes a country that uses an alphabet different from ours. Most importantly, then, is the monitoring for effectiveness, which in turn starts the cycle again, with a co-ordinated approach and the putting down of any changes, et cetera.

Secondly, the sanctions are effective with a co-ordinated approach. The European Affairs Committee, like the European Union Committee before it, has written very often about the importance of having a co-ordinated approach, particularly with the European Union. I am not going to rehearse the reasoning behind that because we have written about it in many reports that were debated in the House. It was always a unanimous decision of each committee that co-ordination is important.

Thirdly, and finally, I think that has been superseded by the importance of co-ordination with the G7. In February 2023, the G7 started up the G7 enforcement co-ordination mechanism. From a G7 point of view, with the its great command of the productive capacity and GDP of the world, it is extremely important that there is now a G7 method of making sure that sanctions work.

My question for the noble Lord is therefore this. Can he confirm that, as I think is the case, these regulations build on that international regulation by making us more flexible and more able to reflect an agreement to carry out sanctions on somebody or something?

Earl Attlee (Con): My Lords, I am grateful for the careful way my noble friend explained the purpose of the regulations. He touched on aluminium exports from Belarus. As I understand it, Russia exports large amounts of aluminium—though I may be wrong. Have we stopped that? Are we able to stop those exports? If we did stop them, it might have a serious effect on the price of aluminium. It is worth remembering that aluminium and other raw materials such as steel are produced to international engineering standards, so they are homogeneous.

Baroness Anderson of Stoke-on-Trent (Lab): My Lords, it is a pleasure to follow the noble Earls, Lord Kinnoull and Lord Attlee. I am grateful to the noble Lord for introducing these amendments to the various sanctions regulations so comprehensively. As he outlined, the regulations introduce a new power to make it unlawful for a designated person to act as a director of a UK company. They also clarify the responsibilities of HMRC in relation to the enforcement of trade sanctions—a step we on these Benches welcome.

We also welcome the provisions relating to Belarus in the light of the country's continued support for Russia's illegal invasion of Ukraine. The extension of the prohibition on the import of aluminium to Belarus is significant, as noted in paragraph 5.16 of the Explanatory Memorandum. This is a key part of the economy, and it is vital that we extend the sanction.

Taken together, we hope that these measures will help to crack down on the circumvention of Russian sanctions—a topic that was discussed earlier this week during Questions to the noble Lord, Lord Cameron of Chipping Norton, the Foreign Secretary. The Minister will know that the Opposition have supported the Government in their approach to Russia-related sanctions. We are glad that the measure can be passed before Parliament is prorogued.

I ask for noble Lords' indulgence for a moment, as this is my last contribution of this Parliament. I thank your Lordships' House for being so welcoming to a new Member. I thank those on the Government Front Bench for their constructive approach to working together during my time on the Opposition Front Bench. I wish everyone a safe and fruitful general election campaign in the months ahead. I look forward to seeing all noble Lords in six weeks.

Lord Harlech (Con): My Lords, I thank all noble Lords for their contributions. These measures are the latest addition to our continued work on sanctions. The scope of these measures shows the continuing work the UK does on sanctions, from strengthening our enforcement capacity, making it harder for entities to circumvent sanctions, to implementing new sanctions against those who continue to support Putin in his barbaric war against Ukraine, and keeping our regimes under review and lifting them when they no longer serve the purposes for which they were introduced.

I will now respond to the questions raised by noble Lords. The noble Earl, Lord Kinnoull, asked about global co-operation with our partners and allies, particularly the G7. We work closely with all our international partners, including the G7, and will continue to do so. Wherever possible, we take co-ordinated action with our partners to ensure the effectiveness of our sanctions. We will continue to do so on a range of circumvention issues, not only on outreach to third countries but to promote enhanced enforcement and the implementation of sanctions at home. We have regular quarterly meetings on sanctions with the EU, which promote co-operation and set forward strategies across all regimes. These meetings focus on all elements of sanctions policy, including the discussion of strategic sanctions and objectives, identifying areas of co-ordination and expertise sharing.

I thank the noble Baroness, Lady Anderson of Stoke-on-Trent, for her always thoughtful and incisive comments. It is always a pleasure to work with her, whether it is on FCDO, Defra or MoD briefs. I am grateful for her good wishes, and those of her colleagues the noble Lords, Lord Coaker and Lord Collins of Highbury, on the issue of Ukraine. I extend my thanks to all of His Majesty's loyal Opposition for the collaborative and collegiate way in which we have shown that, as a country, we will not stand by and allow Putin's barbaric and illegal invasion of Ukraine to go unpunished. We will lead in this country's efforts to support the people of Ukraine.

As I said, we keep these sanctions—whether they be on individuals, corporate entities or countries—under review. The UK has transformed its use of sanctions. These measures show our commitment to continuing to strengthen our sanction regimes and their implementation and enforcement, and to review their ongoing appropriateness in changing foreign policy contexts. I once again thank Members for their insightful contributions and continued cross-party support for our sanction regimes.

Motion agreed.

12.39 pm

Sitting suspended.

Victims and Prisoners Bill

Commons Amendments and Reasons

3 pm

Motion A

Moved by ***Lord Bellamy***

That this House do not insist on its Amendment 32 and do agree with the Commons in their Amendment 32A in lieu—

32A: Clause 18, page 18, line 25, at end insert—

"(3A) After section 51 insert—

"51A Duty to co-operate with Commissioner

(1) The Commissioner may request a relevant person to co-operate with the Commissioner in any way that the Commissioner considers necessary for the purposes of the Commissioner's functions.

(2) A relevant person must comply with a request made to the person under this section, so far as it is appropriate and reasonably practicable for the person to do so.

(3) In this section "relevant person" means a person who is not an individual and is subject to the duty in section 5(A1) of the Victims and Prisoners Act 2024 (duty to provide services in accordance with the code issued under section 2 of that Act).""

The Parliamentary Under-Secretary of State, Ministry of Justice (Lord Bellamy) (Con): My Lords, with the leave of the House, in moving Motion A I will speak also to Motions B to H.

It is a privilege to bring the Victims and Prisoners Bill back to this House from the other place, whence it has returned in relatively good shape. I am grateful to Members of both Houses for the constructive way in which they have engaged with the Bill, especially on this last stage of its passage. I again thank all the officials at the Ministry of Justice for their hard work on the Bill. The other place has made some amendments, which I will consider in turn. I hope they will not be controversial. I will take them in what seems to me to be a logical order, which is not necessarily the alphabetical order in which they now stand in the Motions.

Lords Amendment 33, which is the subject of Motion B, seeks to require training to be provided to those with obligations under the victims' code. Of course, agencies should, and do, have training in place to deliver the legislative duty to act in accordance with the code, but that training must be tailored to the specific function that each person is discharging, and agencies are best placed to do that. As it would place an additional burden on the Secretary of State to implement a strategy of training, we consider this amendment would be costly and inefficient. It would not be proper for an amendment from the Lords to place financial burdens on public authorities.

We also consider that the more effective approach, as has been committed by the Government in the other place, is to include a requirement for agencies to report on the adequacy of their code training as part of evidencing delivery of code entitlements. This gives us a route to identify and address ineffective training if it has led to non-compliance with the code. For those reasons, the Government do not support the original Lords Amendment 33.

Lords Amendment 47, which is the subject of Motion E, seeks to establish a firewall and prevent the police sharing data relating to immigration status with Immigration Enforcement. We disagree with this amendment because it would be inappropriate to impose a blanket restriction on the use of personal data in the circumstances to which the amendment relates. It would not prevent the perpetrator informing Immigration Enforcement about the victim's immigration status, and it would impact on the ability to investigate crimes and support victims.

Leaving those two amendments aside, the Government have today brought forward a number of other amendments in lieu. I turn to Amendment 32, which is the subject of Motion A and concerns the duty to co-operate with the Victims' Commissioner. We have accepted the principle of the amendment put forward, which would place a duty on relevant authorities to co-operate with the Victims' Commissioner when requested. Again, I am

[Lord Bellamy]
pleased to see my noble friend Lady Newlove in her place today. We hear the strength of feeling that a response to the Victims' Commissioner as they do their important work should not be seen as a favour and that there should be clear, open co-operation as an integral part of enabling the independent scrutiny that victims deserve.

The Government's Amendment 32A makes a few minor changes to Amendment 32. First, it extends co-operation further than simply assisting the commissioner in monitoring compliance with the victims' code. Instead, it requires co-operation in relation to any of the Victims' Commissioner's functions, including promoting the interests of victims and witnesses. Secondly, it adds important safeguards to make it clear that any co-operation must be not only practical but appropriate. This protects against, for example, potential interference with activities that are rightly independent, such as when exercising prosecutorial discretion. Thirdly, it future-proofs the clause by putting this duty on the agencies that deliver services under the victims' code, rather than including a specific list of bodies that may become out of date over time.

I turn now to Lords Amendment 35, which is the subject of Motion C. This amendment disapplies Clause 18 in relation to devolved matters in Wales. Only yesterday, I think, I explained the devolution position as regards Wales. We are seeking to amend the measures that relate to the issuing of guidance about victim support roles, which now form Clause 18. Victim support roles operate across different settings, some of which are devolved. The Senedd did not grant legislative consent for this measure as previously drafted. I am therefore putting forward an amendment so that the duty to issue guidance applies to England and reserved matters in Wales only, and have consequently removed the requirement to consult with Welsh Ministers on "any" guidance issued. I am grateful for the constructive discussions that have taken place in relation to the important principles that sit behind this clause, which aims to improve the consistency of support services provided to victims, and am confident that we can continue to work together so that victims have this consistency across England and Wales wherever possible.

I now come to Motion F, which concerns the amendment on the duty of candour. Lords Amendment 54 seeks to place a statutory duty of candour on all public authorities, public servants and officials after a major incident has been declared in writing by the Secretary of State. The Government entirely share the desire to see an end to unacceptable institutional defensiveness, dissembling or what can perhaps be described as an economical approach to the truth. However, we are unable to accept the amendment in its current form as it would not sit neatly on top of the existing frameworks; it is ill suited to replace what already exists, both in the context of major incidents and beyond; it fails to take into account the nuances of different professions in the spheres of the public sector; and it would entail significant legal uncertainty. The area is complex, and we believe that it would be unwise to rush forward with this amendment for these reasons.

Therefore, we have tabled Amendment 54A to require a statutory review to determine whether additional duties of transparency and candour should be imposed on public authorities and public servants in relation to major incidents. This review will need to be completed by the end of the calendar year, and, following the completion of this review, a report will need to be laid before Parliament.

I come to Motion G, which concerns the MAPPA amendments. In effect, government Amendment 99A replies to Lords Amendments 98 and 99, which relate to MAPPA. Amendment 99A would ensure that those convicted of controlling or coercive behaviour who are sentenced to at least 12 months' imprisonment will be automatically subject to management under the MAPPA arrangements, thereby ensuring that we are effectively managing and targeting the most dangerous domestic abuse offenders.

The previous amendment to the Bill was tabled in the other place to add domestic abuse and stalking perpetrators to those who qualify for automatic MAPPA management. While there is a legal definition of domestic abuse, a domestic abuse crime does not exist with the exception of controlling or coercive behaviour. Therefore, although well intentioned, this amendment would still have required criminal justice agencies to decide on a case-by-case basis whether an offender is eligible for MAPPA management and consequently would not quite have achieved the intention to reduce or eliminate any scope for local discretion.

There are already provisions in place that require offenders on licence to live only at an address approved by probation. All offenders released on licence are further subject to standard conditions, and there are numerous additional licence conditions that can be imposed to address specific risk factors. Those conditions also allow for information to be collected and used to manage the risk. The previous amendment would have added little to public safety but could result in a significant pressure on resources.

Offenders who perpetrate other forms of domestic abuse, such as threats to kill, actual and grievous bodily harm, attempted strangulation, putting people in fear, and stalking, including fear of violence, serious alarm or distress, are already automatically managed under the automatic MAPPA of sentence to 12 months custody or more. Adding the additional offence of controlling and coercive behaviour will ensure that the most harmful domestic abuse offenders will be automatically covered by these arrangements. These changes mean that these offenders will be automatically managed under MAPPA in the same way as those convicted of sexual, violent or terrorist offences. This is crucial, as controlling or coercive behaviour is a known risk factor for domestic homicide. Treating these offenders in the same way as the most violent offenders is critical to improving the safety of domestic abuse victims.

I come, therefore, to Motion H, which I think is the last Motion before the House, which is the home detention curfew amendment. For someone in my position, this is procedurally somewhat difficult to follow, because it involves the Government disagreeing with their own amendment, Amendment 106, in order to reintroduce it with an addition. Amendment 106A is exactly the same as Amendment 106, but Amendment 106B, which is the important amendment, extends the eligibility of the home detention curfew scheme to offenders serving four years or more.

The original aim of the home detention curfew scheme was to help suitable lower-risk offenders who had been in custody to reintegrate into society in a controlled manner. As sentences become longer, it is important that we revisit whether eligibility for HDC continues to allow all those who may be suitable and would benefit from the scheme to be considered, as originally intended. That means looking again at whether offenders who are excluded solely because of sentence length or old curfew breaches, rather than any assessment of risk, should be able to be considered for HDC. Since HDC was introduced, sentences have grown longer and should no longer be the sole determination of whether someone is eligible to be considered for HDC. A four-year sentence length for old curfew breach is not a useful measure of whether an offender is lower-risk and suitable for HDC.

While this amendment increases the number of offenders eligible for HDC, it does not extend the range of offences that make an offender eligible for HDC. All sexual offenders and serious violent offenders are excluded from the scheme, as are those subject to Parole Board release. Those convicted of offences often associated with domestic abuse, such as stalking or harassment, are also excluded. So are many other people, including category A prisoners. There is also a robust risk assessment to ensure that offenders are released only if there is a plan to manage them safely in the community. In every case, that includes a curfew backed up with electronic monitoring.

I think I have covered Motions A to H, and I beg to move.

3.15 pm

Baroness Hamwee (LD): My Lords, my noble friend Lady Brinton will respond to most of these items. I cannot resist wondering whether she will comment on whether it is inappropriate to rush towards the duty of candour given the history of the item, but I want to speak particularly to Motion E regarding data sharing for immigration purposes. This amendment has an unhappy history: we have never succeeded before, and I know we will not succeed today—as I say that, I look at the noble Baroness, Lady Meacher, in whose name the amendment was tabled to this Bill.

The threat comes from abusers, often domestic abusers, but other abusers as well. In saying to someone who has immigration status that they are illegal, it is irrelevant that that is inaccurate: the abuser provokes fear, and this trumps everything in the mind of the person who is affected. Sadly, for some people, this amendment would be highly "appropriate", picking up the words in the Commons reason, and the circumstances are immigration control. But for the Home Office, immigration control, even if this amendment is not really about immigration control, trumps everything. The Home Office has previously resisted attempts to control data sharing, so this is no surprise, but we will not pursue it today.

Baroness Brinton (LD): My Lords, it seems only 24 hours ago that we were discussing these amendments. Indeed, we were. There has been some progress made, for which we thank the Government from these Benches. It may not meet everything that we were seeking, but there has been some clarity on some of the issues.

On Amendment 33—the training support and the alternative offer from the Government—the reason that those of us who supported it really wanted to see it is the lack of consistency in training between police forces and other parts of the criminal justice system. Although the Minister says that is expensive, it is also very expensive when mistakes are made because the training has not been adequate. We put on notice that this is yet another of the items that will, I suspect, appear as amendments in the future.

I completely support everything my noble friend Lady Hamwee has said on the immigration firewall, and I will not add any more to that. The review of the duty of candour for major incidents is welcome, given that the Government would not agree to Labour's amendment on it. I hope the review will look at not just major incidents but the duty of candour widely in the public sector, because I am not sure, for example, that the infected blood scandal would have appeared as a major incident for perhaps a decade, or two decades, or even longer. I hope those involved with that committee will look at that, but we welcome the review.

On the MAPPA points, I think that is a helpful amendment, and I can understand why it has been laid. From these Benches, we would like to see it in operation to make sure that it works.

The final point I want to come to is on the Government's own amendment to the eligibility for home detention curfews. I am very pleased that the Minister specifically mentioned that those convicted of stalking, even with sentences of under four years, will not be able to access home detention curfew. We spent some considerable time during the passage of the Bill also discussing why it is often the case that the CPS charges people with things other than stalking. Those people who are known to be stalkers, but are convicted of a lesser crime, still pose the same risk, particularly when they have been multiple offenders. We urge the Government from these Benches to make sure that the CPS looks at charging stalking and a lesser offence because we believe that that is a problem for many of the things that have been progressed during the passage of the Bill.

I will say very briefly that I am very grateful to the noble Baroness, Lady Newlove, for her help as the Victims' Commissioner, and to the Domestic Abuse Commissioner and the London Victims' Commissioner —who is in the Gallery today—and all their teams. They have briefed your Lordships' House to help the progress of this Bill. The London Victims' Commissioner and I were remembering that it was 14 years ago that the stalking inquiry report was published, and much but not all of that has been enacted. I hope that future Governments will make sure that we can better resolve stalking cases in the future.

Lord Ponsonby of Shulbrede (Lab): My Lords, we welcome the discussions that have taken place in the usual channels to ensure that the calling of the election does not unduly disadvantage victims who have waited for many years for this legislation to be brought forward. We on our side have strived to be collaborative throughout the Bill's progress and, while we have not been able to achieve everything we would have liked, we acknowledge that the department has been willing to negotiate on some matters and make a number of amendments in lieu.

[Lord Ponsonby of Shulbrede]

It is a shame that my noble friend Lady Royall's amendments on stalking were not successful as part of the negotiating process. On stalking and the eligibility for home detention curfew, I thought that the noble Baroness, Lady Brinton, made a very interesting point about the CPS charging stalkers with alternative offences as well. As I have said in other debates, I have dealt as a magistrate with stalking matters relatively recently. If lesser charges of harassment can be pressed in the alternative, the court would have better choices to make when determining guilt or otherwise. I thought that that was an interesting point.

The noble Baroness, Lady Brinton, did not mention unduly lenient sentencing. While that was not part of the wash-up agreement, the Government nevertheless committed from the Dispatch Box to keep unduly lenient sentencing under review. As far as I can or cannot commit any future Government, I think it is something that any Government would want to keep under review, as the amendment from the noble Baroness, Lady Brinton, is important.

We also welcome the amendment in lieu, Amendment 32A, on the duty for agencies to co-operate with the Victims' Commissioner. I congratulate her on all her sterling work on this Bill. This does not go quite as far as we asked, but it is an improvement, nevertheless.

The Labour Party remains committed to introducing a statutory duty of candour. It is a shame that the Government have not felt able to go further, but at least there is a review in the Bill.

We are pleased that the infected blood provisions will make it on to the statute book and be commenced at Royal Assent, and we welcome the recent government Statements and hope that compensation will get to people as early as possible.

On IPP, we have tried to work collaboratively across party lines and there is further work to be done. We want to ensure that solutions proposed are robust and assessed with public safety in mind, and we will work at pace, consulting widely on potential ways forward.

We of course welcome the concession on controlling or coercive behaviour and the MAPPA process, in Amendment 99A. It is an important marker, but only part of a bigger picture where violence against women and girls needs to be addressed. There is more work to do, but passing this Bill is an important step towards a new era of transparency and advocacy for victims of crime.

In conclusion, I thank my honourable friend Kevin Brennan for steering Labour's response to the Bill through the other place and my noble friend Lady Thornton for her support for me during the passage of the Bill. I also thank our advisers, Catherine Johnson and Clare Scally.

Finally, I thank the noble and learned Lord, Lord Bellamy. I also thank his civil servants, who have been extremely helpful to me and, I know, to many other noble Lords who have taken an interest in this Bill. Turning back to the noble and learned Lord, I know he will say that he works as part of a team, but the team needs a leader and he has been the leader for this Bill in this House—and that has been to the benefit of all noble Lords who have taken an interest in the Bill.

The Bill is an accomplishment. It is only a step in the road, and I hope we can work on the progress that has been made in any future Governments who may be formed.

Lord Bellamy (Con): I thank all noble Lords who have spoken. I will deal briefly with the points made. The point the noble Baroness, Lady Hamwee, made about the firewall is a difficult one. No doubt it will continue to be discussed in the years ahead. The Government do not feel able to go further at the moment.

On Motion E, which is on the importance of training, I hope we have now put in place something effective, though indirect, to ensure that training will happen properly. That will no doubt be kept under review and be publicly reported in the annual report, so that this House and the other place can monitor how that is going.

On Motion G, which is on MAPPA, I respectfully suggest that the Government's amendment completes the picture. It includes coercion and controlling behaviour. The point the noble Baroness, Lady Brinton, made about the importance of the CPS considering exactly what it charges is important, but I stress my own understanding that a risk assessment will take place in every case so that, even if there is not actually a stalking charge, the fact that it is stalking-like behaviour should be properly taken into account in assessing the risk before HDC is used.

On the commitment in relation to unduly lenient sentences, which the noble Lord, Lord Ponsonby, mentioned, at the time we envisaged that we would include something in the Criminal Justice Bill. Unfortunately, that has not taken place. The Government's commitment remains as long as the Government are the Government—no doubt a future Government will wish to take that matter forward as well.

Those are my brief comments on the substantive points that have been made, but I will make some very brief concluding remarks as we reach the concluding stages of the Victims and Prisoners Bill. I once again thank all those who have engaged and collaborated throughout the passage of the Bill. I particularly thank my noble friends Lord Howe and Lord Roborough, who, if your Lordships remember, took over the passage of the entire Bill at a certain stage in Committee and have taken on certain sections of the Bill. My noble friend Lord Roborough has done very important work, particularly on MAPPA and related points, but my noble friend Lord Howe, as your Lordships know, has taken on a major role in relation to the infected blood issues. I am very grateful to them.

I am very pleased that the Bill has made it through this process. We have not lost it and I put on record my own thanks to all the officials who contributed to the Bill. They have already been warmly thanked in the other place, but I need particularly to mention Nikki Jones, Katie Morris and Lizzie Bates, who were among the team leaders. I also personally thank the infected blood team at the Cabinet Office.

Since I may not have another opportunity, I will say, personally, what a privilege it has been to deal at this Dispatch Box with the affairs of the Ministry of Justice over the last two years, and how much one appreciates the courtesy, perspicacity and hard work of this House. Members actually listen to the debates and take on board the points made. I think most people understand that we are trying to find solutions to very difficult problems and there are very often several points of view. My overall impression is that, on the whole, the House works very closely and collaboratively. As a newcomer to your Lordships' House, I may say personally that that is a most impressive situation—possibly unique among legislatures in the western world.

3.30 pm

I reciprocate the kind remarks made by the noble Lord, Lord Ponsonby of Shulbrede, and thank him particularly as having been my principal interlocutor over the last two years. I thank him for his pertinent questions, unfailing courtesy and wise responses. Although, as he would say, "I am not lawyer"—he is a non-lawyer, albeit a magistrate—I would say that the noble Lord is one of the best non-lawyer lawyers one could possibly have. By which I mean that, in law as in life, technical knowledge is not by any means the whole story. What matters is common sense and wisdom. The noble Lord has those qualities in abundance. I wish him and all Members of this House, from whatever side, all the best in the future. I beg to move that this Bill do now pass.

Motion A agreed.

Motion B

Moved by ***Lord Bellamy***

That this House do not insist on its Amendment 33 to which the Commons have disagreed for their Reason 33A.

33A: Because it could affect financial arrangements to be made by the Commons, and the Commons do not offer any further reason, trusting that this Reason may be deemed sufficient.

Motion C

Moved by ***Lord Bellamy***

That this House do agree with the Commons in their Amendments 35A to 35C.

35A: Line 3, at end insert "performed—

(a) in England, and

(b) subject to subsection (1A), in Wales.

(1A) Guidance under this section mus35Bnot relate to a matter provision about which would be within the legislative competence of Senedd Cymru if it were contained in an Act of the Senedd (ignoring any requirement for the consent of a Minister of the Crown imposed under Schedule 7B to the Government of Wales Act 2006)."

35B: Line 29, at end insert—

"(b) a devolved Welsh authority, within the meaning of the Government of Wales Act 2006 (see section 157A of that Act)."

35C: Leave out lines 30 to 34

Motion D

Moved by ***Lord Bellamy***

That this House do agree with the Commons in their Amendment 46A.

46A: Line 1, leave out "25" and insert "17"

Motion E

Moved by ***Lord Bellamy***

That this House do not insist on its Amendment 47 to which the Commons have disagreed for their Reason 47A.

47A: Because it would be inappropriate to impose a blanket restriction on the use of personal data in the circumstances to which the amendment relates.

Motion F

Moved by ***Lord Bellamy***

That this House do not insist on its Amendment 54 and do agree with the Commons in their Amendment 54A in lieu—

54A: Page 37, line 11, at end insert the following new Clause—

"Review of duty of candour in relation to major incidents

(1) The Secretary of State or the Minister for the Cabinet Office must, before 1 January 2025, carry out a review to determine the extent to which additional duties of transparency and candour should be imposed on public servants in relation to major incidents.

(2) The Secretary of State or the Minister for the Cabinet Office may discharge the duty in subsection (1) by arranging for another person to carry out the review.

(3) The Secretary of State or the Minister for the Cabinet Office must, as soon as reasonably practicable after the completion of the review—

(a) prepare, or arrange for another person to prepare, a report about the review,

(b) publish the report, and

(c) lay the report before Parliament.

(4) In this section, "public servant" means—

(a) a public authority within the meaning given by section 29(2)(a) (see section 29(5));

(b) any person exercising the functions of a public authority (including as an employee of a public authority or as a person in the civil service of the State)."

Motion G

Moved by ***Lord Bellamy***

That this House do not insist on its Amendments 98 and 99 and do agree with the Commons in their Amendment 99A in lieu—

99A: Page 50, line 37, at end insert the following new Clause—

"Assessing and managing risks posed by controlling or coercive behaviour offenders

In section 327 of the Criminal Justice Act 2003 (section 325: interpretation), in subsection (4A), after paragraph (c) insert—

"(ca) an offence under section 76 of the Serious Crime Act 2015 (controlling or coercive behaviour in an intimate or family relationship);"."

Motion H

Moved by ***Lord Bellamy***

That this House do not insist on its Amendment 106 and do agree with the Commons in their Amendments 106A and 106B in lieu—

106A: Clause 48, page 52, line 36, at end insert—

"(4) After section 32 insert—

"32ZZA Imprisonment or detention for public protection: powers in relation to release of recalled prisoners

(1) This section applies where a prisoner to whom section 31A (termination of licences of preventive sentence prisoners) applies—

(a) has been released on licence under this Chapter, and (b) is recalled to prison under section 32.

(2) The Secretary of State may, at any time after the prisoner is returned to prison, release the prisoner again on licence under this Chapter.

(3) The Secretary of State must not release the prisoner under subsection (2) unless satisfied that it is no longer necessary for the protection of the public that the prisoner should remain in prison.

(4) Where the prisoner is released under subsection (2), the Secretary of State may determine that, for the purposes of paragraph (c) of section 31A(4H) (automatic licence termination), the prisoner's licence is to be treated as having remained in force as if it had not been revoked under section 32.

(5) The Secretary of State may only make a determination under subsection (4) if the Secretary of State considers that it is in the interests of justice to do so.

(6) Where the Secretary of State makes a determination under subsection (4), the Secretary of State must notify the prisoner.

(7) In this section, "preventive sentence" means—

(a) a sentence of imprisonment or detention in a young offender institution for public protection under section 225 of the Criminal Justice Act 2003 (including one passed as a result of section 219 of the Armed Forces Act 2006), or

(b) a sentence of detention for public protection under section 226 of the Criminal Justice Act 2003 (including one passed as a result of section 221 of the Armed Forces Act 2006).""

106B: Clause 48, page 52, line 36, at end insert—

"Extension of home detention curfew

Extension of home detention curfew

(1) Section 246 of the Criminal Justice Act 2003 (release of prisoners on licence before required to do so) is amended as follows.

(2) In subsection (1), after "fixed-term prisoner" insert ", other than one to whom section 244ZA, 244A, 246A, 247, 247A or 247B or paragraph 4 or 24 of Schedule 20B applies,".

(3) In subsection (4)—

(a) omit paragraphs (a) to (ab);

(b) after paragraph (ab) insert—

"(ac) the prisoner is one to whom section 244ZA would apply if—

(i) section 244ZA(4)(c), (5)(c) and (6)(c) were omitted,

(ii) the reference in section 244ZA(5)(a) to section 262 of the Sentencing Code were read as including a reference to section 96 of the PCC(S)A 2000, and

(iii) the reference in section 244ZA(6)(a) to section 250 of the Sentencing Code were read as including a reference to section 91 of the PCC(S)A 2000,";

(c) in paragraph (g) for "at any time" substitute "during the currency of the sentence";

(d) for paragraph (ga) substitute—

"(ga) the following apply—

(i) the prisoner has been released on licence under this section in relation to a previous sentence and has been recalled to prison under section 255(1)(a) (and the revocation of the licence has not been cancelled under section 255(3)), and

(ii) the requisite custodial period in relation to the previous sentence ended less than 2 years before the day on which the current sentence began,

(gb) the following apply—

(i) the prisoner has been released on licence under section 34A of the Criminal Justice Act 1991 in relation to a previous sentence and has been recalled to prison under section 38A(1)(a) of that Act (and the revocation of the licence has not been cancelled under section 38A(3) of that Act), and

(ii) the requisite custodial period in relation to the previous sentence ended less than 2 years before the day on which the current sentence began,"; (e) omit paragraph (ha) (but not the "or" at the end of it).

(4) Omit subsection (4ZA)."

Motions B to H agreed.

Leasehold and Freehold Reform Bill

Report (and remaining stages)

Welsh Legislative Consent sought, 16th Report from the Delegated Powers Committee.

3.32 pm

Schedule 1: Categories of permitted lease

Amendment 1

Moved by ***Lord Gascoigne***

1: Schedule 1, page 137, line 32, leave out sub-paragraph (2) and insert—

"(2) A lease is a retirement housing lease if—

(a) it is a term of the lease that the house comprised in the lease may be occupied only by persons who have attained a minimum age,

(b) that minimum age is not less than 55, and

(c) the house comprised in the lease is part of a retirement development or scheme in which the leases of all the houses in that development or scheme meet the requirements set out in paragraphs (a) and (b)."

Member's explanatory statement

This amendment changes the definition of a retirement housing lease so that the minimum age requirement applies to a person occupying the house, rather than to the tenant or assignee.

Lord Gascoigne (Con): My Lords, before I start, I declare that my wife is an employee of the Crown Estate, as set out in my ministerial register of interests.

Government Amendments 1, 2, 4, 5, 6, 59, 64 and 65 are clarificatory amendments of a minor and technical nature to ensure that the Bill operates as intended. Amendments 3 and 7 give effect to the Government's announced exemption for accepted sites on Crown land. Amendments 54, 55, 56, 57 and 58 relate to legal costs; they introduce a power to set exemptions to Clause 61 and a power to suspend the application requirement until an event set out in regulation occurs. The amendments provide for flexibility to make sensible exemptions and to recognise the position of certain landlords—those in resident-led buildings, for example.

Amendments 10, 12, 14 and 27 are minor and technical amendments relating to the application of the Bill to leaseholders holding over. Amendments 38, 39 and 41 are also minor and technical to ensure that the new valuation scheme will operate in the way it was intended. Amendments 18, 28, 42 and 43 clarify the methodology for intermediate release. Amendment 26 would clarify that there is an order of priority to Part 4 of Schedule 4. Amendment 11 relates to lease extensions and clarifies that the notional lease is granted by the person granting the extended lease. Amendment 60 and 61 correct drafting errors in Clauses 80 and 91.

These amendments are essential for the effective functioning of the Bill. I hope that noble Lords will support them. I beg to move.

Lord Young of Cookham (Con): My Lords, I rise briefly to press my noble friend on Amendment 1. The Bill bans new houses being sold on leasehold, which is something I entirely support. Schedule 1 provides a rather narrow range of exemptions and Amendment 1 refers to retirement housing.

I raised in Committee a product called Homes for Life, which looks as if it may be caught by this Bill. Basically, Homes for Life enables someone who is over 60 to sell their home on the open market, then Homes for Life buys the home they want to move to and gives them a lease on that home. That enables the person to downsize and releases a useful sum of money for them. However, that product is not at the moment exempted under Schedule 1. When the Government consulted on implementing reforms to the leasehold system they concluded:

"We will provide an exemption from the ban for these financial products".—[*Official Report*, Commons, 22/4/24; col. 1271.]

That included this one. I was in correspondence with the noble Baroness, Lady Scott, about this. Can my noble friend give an assurance that that product, which is useful and non-controversial, will not be banned by the Bill when it becomes an Act?

Lord Moylan (Con): My Lords, before I go further, I declare that I am a long leaseholder in a property which is my home and that I have no other property interests, apart from as a will trustee of one flat in London in which I have no beneficial interest, simply a nominal interest on behalf of the beneficiary of the will during his lifetime.

I shall respond in particular to Amendments 55 and 58 among the government amendments, because they address a point that I have raised. I am slightly surprised that my noble friend on the Front Bench did not seek to draw my attention to this fact. It is a point that I raised in Committee and on which I have a related amendment later in the list, which we will no doubt come to—but if I address it now, I can be briefer when we come to that group later on.

The matter relates in particular to the question that I raised in Committee about the ability of landlords to recover legal costs from the service charge and, in particular, how this would work for right-to-manage companies. I should have declared that in the block where I live we have a right-to-manage company, and I am a member and a director of that company. How would this ban relate to right-to-manage companies that have no other source of income apart from the service charge? Before these amendments were brought forward, the Bill would have made it virtually impossible for a right-to-manage company to bring legal action against, for example, a defaulter or someone who failed to pay, because they would have no assurance in advance that they would be able to recover their legal costs. The directors would be exposed to having to pay the legal costs out of their own pockets—quite apart from the fact that most lawyers like a little bit of money upfront anyway in order to commence proceedings, so that would need to be funded from the private pockets of the directors of the company. My amendment later also raises this question in relation to other types of non-profit landlord or building managers who have no financial interest in the building other than in their role as manager.

The Government's response—and here I am making the speech I was expecting my noble friend to make in relation to these two amendments—appears to be that the Secretary of State will make regulations subject to the affirmative procedure to provide for circumstances where the new proposed regime on litigation costs and administration charges will not apply or is suspended.

This appears to be something of a concession in the direction of the point I raised in Committee and have on the amendment paper later. But the drafting and Explanatory Notes provide no guidance on when such regulations will be made or what the intention is behind such exemptions. It is worth saying here that the amendments provide that the circumstances on which the exceptions may be based include not only the litigation costs but the relevant proceedings and the landlord of a specified description. As I say, this

[Lord Moylan]
could be beneficial for freeholders in the circumstances I described, but it depends very much on the content of the regulations.

I would like to ask my noble friend some questions. We are in the very strange position that I am asking him to give a commitment when, subject to the will of the electorate, he may not be a member of the Government and the Government on behalf of whom he speaks may not be in power. I say nothing to anticipate what the result may be, but of course the electorate may choose a Government of a different party. I will none the less ask him these questions and, in some ways, I would be very grateful if the noble Lord, Lord Kennedy of Southwark, might find it possible to give his own answer to these questions.

The first question is: what types of litigation costs, proceedings or landlords do the Government intend to be excepted from the general rule? I am sorry, normally I am better prepared, but of course very few of us are well prepared for dealing with this Bill because it has been added so late to the agenda. I suspect my noble friend on the Front Bench is in that category as well, from the turn of the head I noticed on his part just now.

Could these exceptions also extend to certain categories of leaseholders, for example investor leaseholders who might benefit from the general rule? Crucially, within what timeframe will such regulations be made? There is of course no commitment to timeframes in the amendments that have been made. The difficulty is that directors of right-to-manage companies and others are being left in a sort of limbo between the passing of this Bill and the coming into effect of the regulations.

One must also bear in mind that directors of right-to-manage companies and similar landlords may be the subject of legal action. Their ability to recover their own legal costs in defending such actions is also a question that needs to be resolved—and clearly resolved. If people such as me are going to continue as directors of right-to-manage companies, they will potentially find themselves exposed to that sort of risk.

So, as far as these two amendments go, I welcome their general direction. I find it deeply unsatisfactory that we are having to rely on the promise of a Secretary of State who may not be in office in six weeks. I would prefer my own approach, later on the Marshalled List, of putting these provisions on the face of the Bill. I seek a very clear response from my noble friend so that the many people in this country who have pursued right-to-manage, which is a policy the Government support and wish to extend—and I wholly support them in that—are not left adrift by ill thought out drafting in this Bill.

Lord Howard of Rising (Con): My Lords, Amendment 1 states that a lease is a retirement housing lease where residents have a minimum age of 55 years. I declare an interest as a chairman of the Hospital of the Holy and Undivided Trinity at Castle Rising. Is it possible to retrospectively introduce that condition if it does not already exist? In the case of the charity I referred to, the trust deed was originally set out in the 17th century and there was less concern then about things such as there are in this piece of legislation. Perhaps the Minister could tell me whether, or what, action could be taken to make sure that this particular building does not fall foul of the legislation.

3.45 pm

Lord Kennedy of Southwark (Lab Co-op): My Lords, I first make a number of declarations: I am a non-executive director of MHS Homes; chair of the Heart of Medway housing association; and a vice-president of the Local Government Association. In addition to that, I am a leaseholder. My noble friend Lady Taylor of Stevenage cannot be here as she is attending a friend's funeral. That is why noble Lords have to put up with me today on the Opposition Front Bench.

I am sure that, when the noble Lord, Lord Gascoigne, responds to the debate, he will explain this in detail. Obviously, I have only just picked this stuff up this morning; I am sure that buried away in the government amendments are all the promises and pledges that we have had from the Government over the past six or seven years. There are things that we have heard repeatedly from the Member for Surrey Heath in the other place, which have been repeated on Sky News, the BBC, ITV and in most national newspapers. I am sure that now, finally—at the last possible chance—all those pledges are here.

I am sure that the Minister will confirm to me the promise on ground rents. We heard of course that there would be peppercorn ground rents and there was a consultation. Then we heard it leaked that they would be £250 a year with a taper. Again, I am sure the Minister can point out whether that is here. It will be very frustrating if leaseholders and campaigners have been promised action and there is nothing here.

Because of the Renters (Reform) Bill biting the dust, as it were, we have not dealt with the assured shorthold tenancy trap, which will be kept. My noble friend Lady Twycross had a PMB that addressed that very issue. She was repeatedly assured by the Government that there was no need to bring forward her PMB because they would deal with the issue in the Renters (Reform) Bill; so she quite rightly withdrew it. She accepted the assurance from the Government that it would all be sorted out in the Renters (Reform) Bill and withdrew her Bill. She was right near the top of the ballot, so she would have got it through this House and we maybe could have been arguing at the other end about getting it through during the wash-up. But she accepted, in good faith, the Government's assurance that there was no need as it was in the Renters (Reform) Bill, and now it is lost, so the issue remains.

There is also the whole issue of the Section 24 trap: namely, that leaseholders in high-rise buildings cannot ask the First-tier Tribunal to appoint a manager under Section 24 of the Landlord and Tenant Act 1987. Again, we were expecting amendments to deal with that here. Because the manager cannot be the accountable person under the Building Safety Act, there is a gap in the law which means that people are trapped. You get unscrupulous landlords who have been thrown out as managers of a building, but they can get back in again and take control of the service charge. That was going to be addressed, but it is not here—or maybe it is and I cannot spot it.

We are not going to oppose this Bill at all, and I hope it can pass today. There are some good things in it, but it is far, far short of what was promised. The Government should be quite ashamed of how they have behaved over the last few years in relation to this Bill—making promise after promise and delivering very little. That is no way to do politics. If you stand up in the House, or make a pledge in a newspaper, about the things that you are going to do, you should go and do them. Not to do them is very poor. I know that it is not the fault of the noble Lord, Lord Gascoigne, but I hope he can tell us where all these things have gone. Where is the progress on forfeiture? It is just not there and it is just wrong. This is not the way to operate.

The noble Lord, Lord Moylan, asked me a question. Obviously, I cannot answer that question. At the end of the day, the people will decide who the Government will be on 4 July. Whoever is in power, whether it is a Conservative or Labour Government, I hope that they will look at what happened with this Bill, look at the Law Commission recommendations that are sitting there, done and ready to be introduced, and bring them in.

What is in the King's Speech is a matter for the Prime Minister of the day. I certainly hope that, whoever is in power, the necessary action is taken and the leaseholder problems are dealt with. They have not been dealt with by this Government—we have had year after year and promise after promise and nothing done. That is very poor. Maybe I am wrong, and the noble Lord will point out what I have missed in the points that I have made.

Lord Gascoigne (Con): I am grateful for all the contributions in what has been a relatively brief group. I will go through the issues that were raised chronologically.

My noble friend Lord Young raised a specific case, and I have seen the correspondence he referred to. It is the Government's policy to allow equity release in home finance products in houses, including home purchase plans and lifetime leases. We have a power in this Bill to add, remove or amend definitions for categories of permitted leases. On the specific product, the department is considering an appropriate definition for secondary legislation, and officials have met the main provider in question. I assure my noble friend that the measures in the Bill relating to the ban on leasehold houses will not be implemented immediately, should the Bill secure Royal Assent, as there are other important regulations that need to be provided for first before the ban becomes operational.

My noble friend Lord Moylan is right to say that this will come up later, and we can have the discussion then. In brief, on the right-to-manage companies, we have laid amendments to set regulations to suspend the requirement for certain landlords to apply to the relevant court or tribunal to recover their litigation costs until an event set out in regulation occurs. An example of when it might be appropriate to suspend the application requirement is for resident-led buildings or assetless landlords. As I say, I think we will come back to it later.

Lord Moylan (Con): Among noble Lords, my noble friend at least must have confidence that the Government will be returned to power and that he will be sitting on that Bench only a matter of weeks from now. On that assumption, could he give us a date for when these regulations will be brought forward, so we can at least know the Government's position on the timing of this? There is the risk of people being left in limbo. Even if it is a matter of six weeks that is bad enough, but it could be longer, even if the Government are returned to power. On that assumption, is he able to help the House, and directors and members of right-to-manage companies, by indicating a date when the regulations will be brought before us under the affirmative procedure?

Lord Gascoigne (Con): On the first question, it is with regret that I cannot give that date now. On his second question—whether I have confidence that we will win—that is up to the electorate, but I have every hope that we will. Obviously, I would not like to curse us in saying that—touch wood. Who knows? Let us see.

I was also asked what action could be taken to make sure that this does not fall foul of legislation. The Government will work closely with stakeholders to ensure that the application requirement is suspended only where appropriate. In addition, the power is subject to the affirmative procedure.

This is the first time I have had the honour to speak directly to the noble Lord, Lord Kennedy, from the Dispatch Box. I know he has raised this issue inside the Chamber and outside many times, and he is right to do so. Obviously, there have been many constraints on the legislative timetable and, as we are now in wash-up, those pressures have increased tenfold. This is a good Bill as it stands, and the Government want to see it through. The noble Lord mentioned that we are at the beginning of a general election campaign. Who knows what will come thereafter, but this Bill is very good as it stands, and I hope noble Lords will be able to support it today.

Lord Kennedy of Southwark (Lab Co-op): Can the Minister confirm that there is nothing in this Bill on forfeiture or ground rents, as had been promised?

Lord Gascoigne (Con): There are lots of good things in the Bill as it stands that we have only just begun to talk about. I hope the noble Lord will support it. If we have the opportunity to serve again, we will continue to do what we can.

Lord Kennedy of Southwark (Lab Co-op): I am not looking to oppose the Bill; I support it as it is. I am just trying to be clear on the specific question of ground rents being reduced to peppercorn rents. We have spoken about £250 a year; as far as I can see, that is not here, and neither is the issue around forfeitures. Can the Minister confirm those facts?

Lord Gascoigne (Con): I can confirm those two points.

Amendment 1 agreed.

Amendments 2 and 3

Moved by ***Lord Gascoigne***

2: Schedule 1, page 138, line 11, leave out paragraph 4 and insert—

"4 A lease of a house where the house comprised in the lease—

(a) is a property or part of a property vested inalienably in the National Trust for Places of Historic Interest or Natural Beauty ("the National Trust") under section 21 of the National Trust Act 1907, or

(b) is inalienable by the National Trust by virtue of section 8 of the National Trust Act 1939."

Member's explanatory statement

This amendment clarifies the scope of the exemption for leases of certain National Trust property to ensure that it captures leases of houses which are a property, or part of a property, vested inalienably in the National Trust under section 21(1) or (2) of the National Trust Act 1907, or which are inalienable by the National Trust by virtue of section 8 of the National Trust Act 1939.

3: Schedule 1, page 138, line 15, at end insert—

"4A "(1) A lease granted out of a freehold estate by the Crown.

(2) In this paragraph "the Crown" means—

(a) His Majesty in right of the Crown, in right of His private estates, or in right of the Duchy of Lancaster, or

(b) the Duchy of Cornwall."

Member's explanatory statement

This amendment creates a new category of permitted lease for the purpose of Part 1 of the Bill (ban on leasehold houses) where a lease is granted out of a freehold estate by certain parts of the Crown.

Amendments 2 and 3 agreed.

Clause 12: Restriction on title

Amendments 4 to 6

Moved by ***Lord Gascoigne***

4: Clause 12, page 7, line 11, leave out "registration" and insert "completion by registration"

Member's explanatory statement

This amendment ensures that the provision only applies to an application for completion by registration of a disposition which is a grant of a lease and not to an application for other entries on the register.

5: Clause 12, page 7, line 17, leave out "registered" and insert "completed by registration"

Member's explanatory statement

This amendment ensures that the restriction under this subsection only applies to a disposition which is completed by registration.

6: Clause 12, page 7, line 28, leave out "registered" and insert "completed by registration"

Member's explanatory statement

This amendment ensures that the restriction under this subsection only applies to a disposition which is completed by registration.

Amendments 4 to 6 agreed.

Amendment 7

Moved by ***Lord Gascoigne***

7: Before Clause 24, insert the following new Clause—

"Part 1: Crown application

This Part binds the Crown."

Member's explanatory statement

The amendment inserts a new clause into Part 1 of the Bill (leasehold houses) to make provision that the Part binds the Crown.

Amendment 7 agreed.

Amendment 8

Moved by ***Lord Bailey of Paddington***

8: After Clause 25, insert the following new Clause—

"Mandatory share of freehold on new enfranchisable blocks of flats

(1) A person may not grant or enter into an agreement to grant a restricted long lease of a flat in a qualifying building on or after the day on which this section comes into force, unless the freehold estate in the building is held by a Shared Freehold Company.

(2) The appropriate national authority may make regulations providing for—

(a) the content, form and effect of the articles of association of Shared Freehold Companies, which may include provision which is to have effect for a Shared Freehold Company whether or not it is adopted by the company;

(b) a provision of the articles of association of a Shared Freehold Company to have no effect to the extent that it is inconsistent with the regulations;

(c) the exemption of Shared Freehold Companies from the strike-off provisions of section 1000 of the Companies Act 2006;

(d) the automatic acquisition and termination of membership in a Shared Freehold Company by tenants and initial subscribers; and

(e) restrictions on the terms or effect of any agreement, lease or rentcharge to which a qualifying building or its appurtenant property is subject.

(3) The articles of association of any Shared Freehold Company must provide that—

(a) all tenants under long leases of flats in the relevant qualifying building will be voting members of the Shared Freehold Company; and

(b) no other person will be a voting member of a Shared Freehold Company where more than one year has elapsed since its incorporation.

(4) Regulations under this section are subject to negative resolution procedure.

(5) In this section—

"appropriate national authority" is—

(a) in relation to England, the Secretary of State;

(b) in relation to Wales, the Welsh Ministers;

"effective date" means the day three years after the day on which this Act is passed,

"exempted building" means any building in which a freehold estate is held by—

(a) a Commonhold Association, or

(b) a Community Land Trust satisfying the definition in section 2(7A) of the Leasehold Reform (Ground Rent) Act 2022;

"flat" has the same meaning as in section 101 of the Leasehold Reform, Housing and Urban Development Act 1993;

"long lease" has the same meaning as in sections 76 and 77 of the Commonhold and Leasehold Reform Act 2002;

"qualifying building" is a building which meets the following conditions—

(a) it would constitute premises to which Chapter 1 of the Leasehold Reform, Housing and Urban Development Act 1993 applied if each flat in the building had a qualifying tenant within the meaning specified in section 5 of that Act; and

(b) the first long lease granted over a flat in the building was granted on or after the effective date; and

(c) it is not an exempted building;

"restricted long lease" is a long lease which does not fall into any of the categories in Schedule 1, where the terms of the lease do not prevent the flat from being occupied under that lease as a separate dwelling;

"Shared Freehold Company" means a limited company established for purposes connected with holding the freehold of a specific qualifying building, where membership in the company is referable to holding a leasehold estate in one or more flats in the qualifying building."

Member's explanatory statement

This amendment requires new blocks containing leasehold flats to be mutually owned (commonhold, Community Land Trusts, or shared freehold), but exempting Schedule 1's "permitted leases", and optionally permits regulating Shared Freehold Companies, analogously to existing powers over RTM companies. This facilitates commonhold adoption, while preserving the option of shared freehold arrangements which have evolved through private initiative.

Lord Bailey of Paddington (Con): My Lords, this Bill is suboptimal. It is not the revolution that many leaseholders across the country have been desperate for, but it is the only game in town—a game that has taken 22 years to get to this point—and the Government should be commended for some things.

I have tabled this amendment because a share of freehold is more flexible and means that owners of flats can make any company arrangements that they wish, whereas commonhold is more top-down and restrictive. Residents would also have insolvency protection, which is always a good thing. Importantly, all leaseholders must be members of that share of freehold company to maximise alignment of interests and block any residents' disputes. Forfeiture, as I have said before, is a gangster-like power. It needs to go, and I cannot see why that is not in this Bill.

Baroness Fox of Buckley (Non-Afl): My Lords, it is very difficult for us at this stage because a huge number of amendments have suddenly emerged. When I heard that the Government were putting forward so many, I was quite pleased, because I had had a very productive meeting with the noble Baroness, Lady Scott; I thought that we had made some strides in Committee and that there would be an attempt by the Government to strengthen the Bill for leaseholders. Then I saw all the amendments. I confess that I do not understand all the technical implications, but I know that, as the noble Lord, Lord Kennedy, pointed out, the things that the Government have talked about in only the last couple of weeks—ground rent, forfeiture and so on—are not there.

I am delighted that this is in wash-up. I will not be able to speak on every group because, at this point, I just want to get the Bill through and do not want to do anything to delay it. I had hoped that the Government would be amenable to some of the constructive amendments, such as this one from the noble Lord, Lord Bailey, to give a bit of extra heft to a Bill which says the right things at the top but has left so many leaseholders frustrated. The Bill has left things dangling in front of them—"suboptimal" is entirely the right description.

When the Minister comes back, perhaps he could indicate whether there are any grounds for hope rather than that we end up spending too long on this discussion and somehow it does not even pass in the suboptimal state that it is in. How should we even view this discussion today? Is anyone listening?

Lord Hacking (Lab): Yes, we are listening.

4 pm

Baroness Fox of Buckley (Non-Afl): I do not want to just go through the motions. I just want to understand the process so that we do not bother speaking to every group of amendments just for the sake of it. Clarity would be helpful on the Government's attitude to the positive amendments that have been put in by the likes of the noble Lord, Lord Bailey. I thank my heckler as well. It is always appreciated.

Lord Moylan (Con): My Lords, I speak in support of the two linked amendments tabled by my noble friend Lord Bailey of Paddington. It is perfectly clear that leasehold is unlikely to be the path of the future. My objections to this Bill, apart from some that are to do with practicality—such as the one I spoke on in the last group, where clarity is still needed from the Government—are about the retrospective meddling with private property rights and existing private contracts.

It is perfectly clear that leasehold has probably had its day and that my noble friend is correct in saying that future buildings—blocks of flats or whatever—should be constituted under some such regime as commonhold, or at least shared freehold with 999-year leases or some other such provision as he has mentioned here in his amendment. I would very much hope that the Government and the Opposition would take this on, and certainly if my noble friend were to divide the House, I would support him in the lobbies on Amendment 8 and the associated consequential amendment.

Baroness Pinnock (LD): My Lords, we have come to the last stages—the last rites—of this important Bill, which we on these Benches support, despite the fact that there are serious omissions to it. It is fascinating to me that it is Members of the Government's own side who are raising all the issues at this late stage, and perhaps trying to delay the passage of this Bill.

On the amendments proposed by the noble Lord, Lord Bailey of Paddington, we on these Benches support the move to commonhold. It is one of the principles on which the leasehold reform Bill was to be based. It is most unfortunate that, because of the difficulty in overcoming some of the issues in reaching the ability to move to commonhold, this Bill does not include it. However, I am glad that both the Government Benches and the Labour Benches are saying that they support the Bill and want to make further changes, whoever comes into power on 5 July. We on this side are making lots of notes so that we know that, whoever it is, we will hold them to account, to bring these back so that we have a leasehold reform Bill that everyone across the House can support. It should include commonhold.

Lord Gascoigne (Con): My Lords, I thank my noble friend Lord Bailey of Paddington for his amendment, and indeed all noble Lords who spoke in this relatively brief group. We appreciate the benefits that a share of

[Lord Gascoigne]
freehold arrangements has over ordinary leasehold arrangements with third-party landlords. That is why we are making it simpler and cheaper for leaseholders of flats to collectively enfranchise and therefore achieve a share of freehold arrangements. Making a share of freehold arrangements compulsory would require us to construct a legal framework on the same scale and complexity as commonhold. That would include not only making the regulations that my noble friend is taking the power for, but much else as well. It is not a quick or easy fix.

The commonhold framework has already been designed as the optimal legal vehicle for the collective ownership of flats. By comparison to moving to commonhold, making share of freehold arrangements compulsory would be, I am afraid to say, an inferior but not an easier outcome. As such, the Government want to see the widespread take-up of commonhold and for it to be the future preferred tenure for the owners of flats, rather than a share of freehold.

We are sympathetic to the sentiments expressed mainly by my noble friend Lord Bailey and the noble Baroness, Lady Fox. I, too, would like to have gone much further in many areas—but I am afraid that wash-up means that we are where we are. With that, I hope that my noble friend Lord Bailey is able to withdraw his amendment.

Lord Bailey of Paddington (Con): My Lords, the House knows two things about me—that I am new and procedure is not my thing and that I am prone to a belligerent outburst. My noble friend Lord Young kindly pointed out to me that forfeiture comes later on in this process so I would like to hear what the noble Lord has to say about that in response and I reverse my earlier comment.

A share of the freehold is the quickest, most elegant way to get to the halfway house before we go to commonhold, which is why I am so passionate about it. It goes to my theme on all of this Bill—where the small man or woman in the street is concerned, it is about control, and this would hand back control very quickly. I beg leave to withdraw my amendment.

Amendment 8 withdrawn.

Amendment 9

Moved by ***Lord Howard of Rising***

9: After Clause 28, insert the following new Clause—

"Residence condition where a claim is made in reliance on section 28 of this Act

(1) Section 13 of the LRHUDA 1993 is amended as follows—

(a) in subsection (2)(a)(ii), omit "and";

(b) in subsection (2)(b), at end insert "and—

(c) in a claim to which the High Non-Residential Floor Area Condition applies, not less than one half of the qualifying tenants by whom the notice is given must satisfy the Residence Condition.";

(c) after subsection (11), insert—

"(11A) In this section—

(a) the "High Non-Residential Floor Area Condition" applies if—

(i) the specified premises are not excluded from the right to enfranchise by section 4(1), and

(ii) the internal floor area percentage assessed in accordance with section 4(1)(b) is more than 25 per cent, and

(b) the Residence Condition applies if the qualifying tenant or, where there are joint tenants who comprise the qualifying tenant, one of those joint tenants, occupies their flat as their only or principal home at the relevant date.""

Member's explanatory statement

This amendment ensures that, in a case where a building has more than 25% of commercial floor space, the right of collective enfranchisement will not apply unless at least 50% of the participating tenants are occupying home owners.

Lord Howard of Rising (Con): My Lords, Amendment 9 in my name would ensure that, when a building has more than 25% of commercial floorspace, the right of collective enfranchisement will not apply unless at least 50% of the participating tenants are occupying home owners. At present, for leaseholders of flats to be able to compulsorily acquire the freehold interest in a building, the amount of commercial floor area must not exceed 25%. Increasing the threshold to 50% in conjunction with compulsory lease-backs and below-market compensation will have a number of unintended consequences. This change will lead to the increased fragmentation of high streets and city centres, eroding the ability of property owners—including charities and, importantly, local authorities providing essential public services—to actively manage places.

The loss of contiguous ownership will erode the incentive that property companies have to invest beyond the buildings themselves for the needs of communities, to create attractive neighbourhoods and support broad demographics. It will also discourage investment and lead to less residential in new buildings as landlords take defensive steps to limit the impact. More broadly, it must be recognised that mixed-use buildings pose a greater management challenge than purely residential ones. Freeholders ultimately need to be active and responsive property managers, not only managing issues such as fire and building safety but responding to requests for alterations and improvements and any redevelopment of the commercial elements of the building, its common parts and residential elements. For mixed-use buildings to operate effectively, property owners must balance the continued commercial attractiveness of the offices or retail within the building with the residential occupiers' quiet enjoyment of their homes and the attractiveness of the wider neighbourhood.

From the perspective of a freeholder looking to actively manage the commercial units within enfranchised mixed-use buildings, the key issue that arises is that the enfranchised leaseholders are held in a corporate structure, such as an offshore entity, company or trust. As many leaseholders have encountered in seeking to hold freeholders to account for building remedial works, it can be incredibly challenging to identify the ultimate decision-maker and secure consent to even modest alterations. As part of the reform, the Bill should mitigate this by introducing an additional requirement that to be a qualifying leaseholder they should be required to satisfy a residential test.

As we know, a high proportion of leasehold properties are owned by investors, including from overseas. Where leaseholders who live in their properties are likely to

have regard for their surrounding neighbourhood and what happens in their building—as we have seen from other matters relevant to building management—this is not always true of investors. It is not just a case of ensuring the effective management of individual buildings but of protecting high streets of significant economic importance from being fragmented, particularly in London's central activity zone, where we know that a high proportion of residential properties are held by investors.

The amendment would seek to pre-empt these challenges by requiring a resident test to ensure that leaseholders seeking to acquire a freehold live in the building as their main residence. It would give some assurance that they will be contactable and responsive, avoiding the negative impacts of zombie freeholders. I beg to move.

Lord Gascoigne (Con): I thank my noble friend Lord Howard of Rising for Amendment 9 on enfranchisement claims in mixed-use buildings. Establishing residency and occupation is, as I understand, difficult. It can change quickly over time and can easily be manipulated. That could lead to the validity of claims being challenged successfully, years after they have been acquired. A residency test would remove the existing rights of some leaseholders and complicate the system overall, counter to the Bill's aims, and lead to an uptick in disputes and litigation. Attempting to restrict one leaseholder in another building may well disfranchise the others. Therefore, I am afraid that we oppose the introduction of new residency tests. With the greatest respect, I kindly ask my noble friend to withdraw his amendment.

Lord Howard of Rising (Con): I am not sure that what the Minister said would not apply even if my amendment did not pass. Does he have a comment on that?

Lord Gascoigne (Con): With respect to my noble friend, I thought I addressed the points. Introducing this measure would introduce a huge number of complications to the Bill.

Lord Howard of Rising (Con): Yes, but complications exist now, and therefore it is unnecessary to go as far as the new Bill does. That having being said, I beg leave to withdraw the amendment.

Amendment 9 withdrawn.

Schedule 4: determining and sharing the market value

Amendments 10 to 12

Moved by ***Lord Gascoigne***

10: Schedule 4, page 159, line 6, leave out from "continue" to end of line 8 and insert "on the terms on which it is granted, and therefore will not be substituted by the statutory lease;

(aa) the current lease will continue (on those terms) until its term date;"

Member's explanatory statement

This amendment would restructure paragraph 3(2) in connection with the new sub-paragraph (2A) that would be inserted by another amendment in my name.

11: Schedule 4, page 159, line 9, leave out "that" and insert "out of the interest of the person granting the statutory lease;

(ba) the notional lease"

Member's explanatory statement

This amendment would make clear that it must be assumed that the notional lease is granted out of the interest of the person granting the new lease on the lease extension.

12: Schedule 4, page 159, line 18, at end insert—

"(2A) But if the tenant is holding over under the Local Government and Housing Act 1989 at the valuation date—

(a) in the assumption in sub-paragraph (2)(a), the reference to the terms on which the current lease is granted has effect as a reference to the terms on which the tenant is holding over under that Act;

(b) the assumption in sub-paragraph (2)(aa) does not apply.

(2B) Paragraph 21 makes provision about whether any right to hold over under the Local Government and Housing Act 1989 is to be taken into consideration in determining the market value of the notional lease (if the tenant is not holding over under that Act at the valuation date)."

Member's explanatory statement

This amendment would clarify the operation of paragraph 2 in cases where the tenant has a right to hold over under the Local Government and Housing Act 1989

Amendments 10 to 12 agreed.

Amendment 13

Moved by ***Lord Howard of Rising***

13: Schedule 4, page 160, line 6, after "Schedule" insert "but only to the extent that the property comprised in that freehold or lease is comprised in a current lease which is held under a homeowner lease at the valuation date"

Member's explanatory statement

This amendment defines a homeowner lease, to distinguish between homeowners and investors, and restricts certain benefits of the Bill to leaseholders who reside in the property as their principal home.

Lord Howard of Rising (Con): My Lords, I will speak to the group of amendments in my name, Amendments 13, 15, 19, 23, 24, 25, 40, 46, 47 and 48. These amendments seek to define a home owner's lease, which would distinguish between a home owner and investors, and therefore restrict certain benefits of the Bill to leaseholders who reside in the property as their principal residence.

4.15 pm

I support the benefits that the Bill will bring to leaseholders. However, I believe there is a real danger that the Bill, as currently drafted, will not benefit the aspirational British home owner but instead an assortment of overseas companies and investors. In fact, the Government's own impact assessment confirms that these proposals will result in an enormous transfer of wealth to private landlords, not the people who actually live in leasehold properties. I cannot believe that this is the Government's intention, yet it is precisely what will happen if we pass the legislation in its current form.

Of the measures that have been looked at closely through the Government's impact assessment, nearly 65% of the central estimate of costs—£1.9 billion out

[Lord Howard of Rising]
of £2.8 billion—results from transferring marriage value from freeholders to leaseholders. However, this has very little to do with improving the experience of people who live in leasehold premises. The largest transfer arises from changes to the treatment of marriage value, and the largest part of that is in flats. The Government estimate that 37% of all leasehold properties are in the private rental sector. However, 62% of all flats are in the private rental sector. Given that the transfer of marriage value primarily benefits London, and that most of the leasehold properties in London are flats, the consequence is that a significant majority of the benefits will go to landlords rather than the people who live in flats. The transfer of value to private landlords will therefore greatly exceed their 37% share of the entire leasehold market.

Similarly, the Bill's impact assessment asserts that the beneficiaries will not be disproportionately wealthy because costs and incomes in different parts of the country will, on average, be the same. It has provided no evidence to support this statement. Factually, it misses the point that the transfer of marriage value overwhelmingly benefits the wealthiest leaseholders in society. The impact assessment is therefore wrong to suggest that the costs of paying marriage value and incomes are similarly distributed in different parts of the country by reference to income. It also demonstrates that the greatest beneficiaries of marriage value transfer will be the wealthiest. If the aim is to help mainly younger owner-occupiers of flats then this proposal is badly targeted, as it is the wealthiest in a relatively small part of the country who stand to gain the most.

His Majesty's Government have also seemingly failed to undertake any analysis of the impact on UK residents and businesses versus those from overseas. Given the high levels of leasehold flats in the private rented sector, there is no basis for the Government to have reached their conclusion that there is no significant benefit to overseas businesses or individuals. The effects of the Bill will see a significant transfer of value from the UK to overseas interests. On the Government's assessment of a £1.9 billion marriage value transfer, and on the basis that 69% applies to London, between 10% and 25% of this is a direct transfer to overseas owners. Using His Majesty's Government's statistics, this would equate to a transfer of between £130 million and £328 million from UK investors to overseas investors, with a greater propensity for that money to leave the country. This may well be an underestimate because the overall marriage value estimate is likely to be low and there is a correlation between higher-value places and higher overseas ownership, so the purported net benefit will likely be offset by a greater transfer of wealth out of the UK.

This amendment seeks to address that flaw in the legislation and ensure that the people who benefit from this Bill are those who have a home owner lease. A home owner lease means a lease of a single dwelling that is the only principal home of the tenant; in short, it is where they live. The home owner lease ensures that those who might benefit from these reforms are those who genuinely live in these properties, rather than investors who would simply be taking advantage of the expropriation of assets.

I would be grateful if the Minister could inform the House what thought the Government have given to ensuring that the scope of the Bill will reach only to genuine occupiers, and how they intend to protect against this massive wealth transfer from UK plc to overseas companies. I ask the Government to consider my amendment, which seeks to introduce this change and ensure that the beneficiaries of this legislation are those whom the Government originally intended. I beg to move.

Lord Robathan (Con): My Lords, this is the first time I have taken part in the debates on this Bill so I should state, for the avoidance of doubt, that I have no leasehold interest whatever. With the leave of the House, I will be slightly far-reaching; there are several amendments here. This is a far-reaching Bill, but it has not been properly scrutinised. Indeed, my noble friend the Minister admitted some confusion in his remarks. The noble Lord, Lord Kennedy, said that this way of doing legislation is "just wrong", and the noble Baroness, Lady Fox, said that we need some clarity. We need clarity and clear legislation because otherwise—we have all seen this—there will be further confusion.

I can certainly support the end of freeholds in the future; I have no problem with that at all. Yet we have heard that the Bill will not do that; it will not happen yet. Furthermore, this legislation is retrospective for existing freeholds and leaseholds. Retrospective legislation is always deemed unwise. I will not go into too much detail about marriage value or foreign investors because we need to look at this better, but proper scrutiny has not taken place.

The first point is that there is a huge possibility of challenge in the courts—everybody must see that—because we are taking people's property away. The rulings on confiscation of property and investment will certainly be subject to challenge. We would all challenge it if we had investments that were diminished by the Government. Of course, this could drive some freeholders, who have perhaps invested in just one or two leasehold flats, into bankruptcy. If it did, would the Government be subject to demands for compensation? I have no idea, but nor does anybody else because this has not been properly scrutinised.

What will happen, for instance, if a freeholder in a large building with several flats suddenly finds that he cannot pay the interest rates, goes bust and the flats are left without a freeholder or, indeed, anything to run the freehold? My noble friend Lord Bailey talked about commonhold, which is a very sensible way forward, but it is not properly addressed in this Bill.

Yesterday, I went to very moving memorial—one or two other noble Lords were there but not, I think, anyone here in the Chamber—for Lord Brown of Eaton-under-Heywood. Stressed in that was his adherence to the rule of law and, indeed, to decency and fairness. We in this Chamber should all be looking at decency and fairness in any law we pass. I have to say that this Bill, as has been pointed out by my noble friend Lord Howard, is not decent or fair. It is half-baked and half-thought-out, and there will be huge problems in the future.

I agree that there are problems in leasehold, but this Bill does not necessarily address them. In fact, in my opinion, it will make for chaos. I do not wish to detain

the House further, except to say: we must make proper, well-scrutinised legislation. This House, for goodness' sake, is always claimed to scrutinise legislation properly, yet here we are on a late afternoon when not many people are around, dashing for a wash-up. This is the worst way to pass legislation.

Lord Moylan (Con): My Lords, I say in support of my noble friend Lord Robathan, having once lived in a flat where the landlord was bankrupt, that you do not want to have a bankrupt landlord. It is not good for leaseholders if the landlord cannot exercise their functions—well or badly. So I ask my noble friend the Minister: what assessment have the Government made of the likely effects of this in inducing insolvency on the part of various landlords? There is too much passion behind this Bill, but the passion seems to be predicated on the idea that landlords are all rich private equity characters who can be mulcted for endless amounts of money, when the truth is that in many cases, freehold interests are owned by families, and sometimes small investors, and the effects of this on them, especially if their investment is leveraged, can be very great.

Turning to the remarks made by my noble friend Lord Howard of Rising, and the amendment, I acknowledge that we are in danger of straying into the next group, which is specifically about marriage value, and I will save my remarks on that until the next group. But on the general principle, the Government have presented the Bill in a way that seems to me to confuse the concepts of leaseholders and tenants. They presented this as something that would be good for home owners but, in practice, as we know, a very large number of leasehold flats are sublet, quite properly and quite lawfully, to people who pay rent for them. The benefit will not go to the home occupier; it will go to the person who holds the lease.

The next fallacy from the Government—who seem to have difficulty, for a Conservative Government, in understanding markets—is that this benefit will somehow trickle down to future leaseholders. That is not true either. What is happening is a transfer of wealth from one group of persons to another. That second group, having been enriched by this movement, will seek to achieve and will achieve higher prices when they sell later on. It is not the case that flats, or even houses, will become generally cheaper as a result of this. The benefit is a one-off transfer to existing leaseholders, many of whom have a profound interest in seeing this happen because they are going to be the direct beneficiary of the expropriation.

The next fallacy that the Government have been peddling is ignoring the fact that so much property, especially in London, is owned by foreign investors. There are reasons for that, which I think deserve exploration, although this is not the time. But property is, as a matter of fact, as I think everyone will acknowledge, owned by foreign investors. We all know about these new blocks of flats that were pre-marketed in Singapore, Hong Kong and all sorts of places, not to mention the Gulf. Those who still hold those leases will be the direct beneficiaries, not the persons to whom they let their flats. But the Government seem to have made no assessment of what the effect of this is going to be. I am to some extent reinforcing the points made by my noble friend Lord Howard of Rising. I ask, seriously, my noble friend on the Front Bench: where is the assessment of this? Is it credible, and will he give an account of it?

I will make a final point: the biggest beneficiaries of this transfer are going to be people who have short leases and expensive properties. I mentioned in Committee that in Kensington there are many people salivating at the prospect of this Bill being passed. This is not about poor people living in remoter parts of the country. This is about the benefit, as a matter of mathematics, that will go to those with shorter leases and larger properties.

What assessment has my noble friend the Minister made of how much business has gone on in the last year and six months of investors cannily buying up short leases, specifically in anticipation of this Bill passing because of the windfall profit they expect to accrue as a result? It is remarkable that the Government seem to think that this measure will benefit ordinary people. It will not.

4.30 pm

Lord Hacking (Lab): My Lords, perhaps I might get up for just a moment to express extreme disquiet about this Bill and the whole wash-up procedure. I have listened with great care to the speeches from the noble Lords, Lord Howard, Lord Moylan, Lord Bailey of Paddington and Lord Robathan, and from the noble Baroness, Lady Fox. This Bill is not being properly considered. I need to say that from these Benches. I also need to say that the wash-up procedure that has been adopted here today—I have been in the House almost all of today and I have listened to the wash-up procedure—is leaving a lot of dirty clothing in the washing machine which has not been properly attended to. It is too late to redress things now, but at least a word of protest should be given.

Lord Hintze (Con): My Lords, given the fact I have not spoken before on this matter, I again draw attention to my registered interests. I want to add my disquiet at what I am seeing here. This is an attack on property rights. That is an issue for both sides of the House. Why? Because it attacks us—our country—as a good place to invest. There are issues that need to be talked through but, to be very clear, the bankruptcy point that the noble Lord, Lord Moylan, raised is absolutely not trivial. The legal issues around this are quite serious. I ask the Minister: have the Government looked at that in any detail?

The other thing I would like to ask Government is: why the rush? Why now? There are issues that both sides of the House want to address, whether now or in the next Parliament. I seriously think we should wait. What really makes me quite hot under the collar, if you do not mind my saying so, is: why make it retrospective? In my view, this goes against all sorts of natural justice. Unless something terrible is being done, why make it retrospective? Anyway, that is my word that I would like to share with the House.

Baroness Fox of Buckley (Non-Afl): My Lords, the noble Lords, Lord Hintze and Lord Robathan, both made the point that there had not been enough scrutiny

[Baroness Fox of Buckley]
of leasehold in this Bill. They also both said, "I'm sorry I haven't spoken on this before". I will just point out that there has been a fair bit of scrutiny on this Bill. There has also been a whole range of debates on leasehold since I have been in the House—for only three and a half years. If they had been in previous discussions on the Bill, they would have heard in boring detail, which we do not have time for now, how many inquiries and investigations from all political parties have gone into every aspect, detail and legal and financial implication of what would happen if we got rid of leasehold—every detail of it. The criticism is that the Government are not going far enough, but the notion that you can wander in and say, "You lot have not thought about this; you've not considered it", is wrong.

The other thing that I want immediately to come back on—undoubtedly the noble Lord, Lord Moylan, will think that I am being too passionate, but anyway—is that everybody is suddenly now concerned about bankruptcy. It is true that nobody wants to drive anyone into bankruptcy, but the notion that this Bill is about driving people into bankruptcy is wrong because it is actually designed as a way of dealing with the fact that many people face bankruptcy because of the service charges that they face.

Lord Robathan (Con): I am grateful to the noble Baroness for giving way, but she said in her earlier speech that she wanted clarity. It may have been discussed before, but she wanted clarity, I want clarity, and I think we all want clarity in legislation.

Baroness Fox of Buckley (Non-Afl): The context of my point about clarity was slightly different.

Anyway, the final thing is that the bankruptcy many leaseholders face, because of service charges and some of the things this Bill tries to deal with, is just being ignored.

The final thing is that I object to this notion that it is an attack on property rights and to this idea that people do not understand. People who buy leasehold flats are entering into the property market. They think they are property owners and they are being done over and ripped off by people who sell them the myth that they are buying into a property-owning democracy—something which has been sold by the Conservative Party many times. They have been mis-sold and misled. This cry for commonhold is all about giving them the right to own their property and manage their own affairs and not, suddenly out of nowhere, to have people in control of their homes ripping them off. It is as simple as that. We are trying to give them autonomy. This Bill does not go far enough. However, these arguments are a complete distraction from the limitations of this Bill. They are irrelevant to this Bill. We should be let it go through as quickly as possible.

Lord Moylan (Con): Before the noble Baroness sits down, I hope she can appreciate that it is perfectly possible to agree with every word she said—that there are abusers, as I said in Committee, that the Bill should address the abuses and that commonhold or something of that character is undoubtedly the way forward and could be legislated for even now—and still be concerned about the retrospective seizure of assets from one party to be transferred to another and to ask how many of those are actually overseas investors, how many are domestic investors and how many are the real people she wants to speak up for who live in their homes. It is perfectly possible to ask those questions.

This Bill is a sledgehammer to attack a nut. It is rare that something as arcane as property law could excite such passion, but we need less passion and more focus on the detail of property law and getting it right if it is to work and not produce worse outcomes for people who live in their own homes, for whom she has so passionately and properly argued.

Baroness Fox of Buckley (Non-Afl): It is very fashionable to say "I am not a lawyer", but lots of lawyers who work in property and housing support this Bill but think it does not go far enough. It is not just all bluster and passion. That is misleading.

My final retort to come back is that I am defending people who buy a property to live in. People who buy a property that they then rent out are, as far as I know, not the devil incarnate. I am surprised that people on the Conservative Benches have decided that, if you happen to buy a leasehold property and you want to rent it out, you are doing something malign and malicious. This is not about poor people versus rich people. It is about impoverishing people who buy a house, thinking they are buying a house, only to find out that they have no control or autonomy and that somebody else from a rentier class that has become lazy about innovation in terms of construction, building and housing, is living off easy gains by ripping off leaseholders.

Lord Gascoigne (Con): I thank my noble friends Lord Howard of Rising and Lord Moylan for their amendments, and all who have spoken in this group. As we have already discussed on the previous group, residency is difficult to establish, can change quickly over time and could be manipulated, as previous residency requirements have been. The fact remains that a residency test would complicate the system overall, contrary to the aims of the Bill, leading to an uptick in disputes and litigation. Therefore, we oppose the introduction of any form of residency test which would treat leaseholders differently under these reforms. I assure my noble friends that I completely understand and hear what their aim is, here and in the previous group, but it would complicate the system and create a two-tier system.

A number of points were raised which I will seek to address. First, I shall cover the points raised by my noble friends Lord Howard and Lord Moylan about analysis, impact studies and foreign investment as a group. My noble friend Lord Howard asked about analysis. While it might be the case that marriage-value savings are concentrated in London and the south-east, this is because of the large number of flats in London, the region where leasehold property prices are highest.

Further to that, my noble friend asked about our analysis. I assure him that it is robust, as is demonstrated by our impact assessment being noted as fit for purpose and green-rated by the Regulatory Policy Committee—RPC.

My noble friend Lord Moylan raised a point about foreign investors. The Bill will fulfil the Government's aims to make it cheaper and easier for leaseholders to extend their lease or buy their freehold. It will apply to leaseholders whether they live in their property or elsewhere. Attempting to limit the rights of non-resident leaseholders would complicate the system that we aim to simplify and restrict access where we wish to improve it.

My noble friend also talked about a lack of proper scrutiny. This has had proper scrutiny. In 2018, the Law Commission's legal experts began their report into enfranchisement. In 2019, the Law Commission reported, including options on marriage values, which we accepted. In 2021, the Government confirmed that these recommendations were policy. In 2023, the King's Speech set out the Bill, which has had scrutiny in both Houses.

That leads me neatly on to my noble friend Lord Robathan and the noble Lord, Lord Hacking, who raised the impact of wash-up. The noble Baroness, Lady Fox—maybe I should say my noble friend on this occasion—got this right, but I appreciate the point about the impact of wash-up. The suggestion is that the Bill has not been scrutinised but, in my brief time as a Government Minister, I have sat through many debates on this and it has been through both Houses of Parliament. We are talking about it today; it is being scrutinised. Many noble Lords and others have had to tolerate sitting in meetings with me, alongside my noble friend the Minister, to talk about it. We have engaged. I appreciate the point being made that this is not the way to do it, but it is because of wash-up. The Chief Whip raised this earlier today and the Leader addressed it yesterday.

Lord Robathan (Con): Could the Minister just respond to what my noble friend Lord Howard of Rising said? Supposing I am a foreign investor and I buy 100 flats. After the marriage value is put down, I get, say, £100,000 for each flat as a bonus. I think that is an underestimate. Would he defend that?

Lord Gascoigne (Con): I would certainly be happy to defend this Bill and what it does. I therefore ask my noble friend to withdraw his amendment.

Lord Howard of Rising (Con): I thank all those who were kind enough to support this amendment. The Minister talked about adequate examination. I have great respect for the Minister and especially for his integrity: when he borrowed my house, I got the key back. It took some months, but it came and it is a very special key, because they stopped making them 50 years ago. I had to have them specially made, so I thought, "Oh, no, I have to go through that expense again, because I could not possibly stick a poor young politician with the cost of a key like that". Suddenly, like magic, it flopped through the door one day.

But what credence can we give to the legal advice the Minister has had, which he referred to earlier, when the Government's own advisers have said that the legality of this is a very fine argument? The truth of the matter is, as has already been mentioned today, that one of the main planks of the Human Rights Act is the right of property. The Government are gaily switching around bits of property at a Minister's whim. I cannot believe that that can have been passed as solid by so many august legal entities unless they themselves had an axe to grind. Of course, there is also, as has been mentioned, the retrospective angle of the legislation.

4.45 pm

The Minister has made a very good attempt at short notice, and needs to be admired for that. It is a pity; people talk about whether a Bill has been supervised properly—we have not even got the Minister who has taken the Bill through the House here to answer it. As I said, I am a great admirer of the noble Lord, Lord Gascoigne, but he has been pitched in because this Bill is being dashed through. It is a very complicated Bill; it is not something simple. There are all sorts of complexities that will come through during this debate. I feel that the Minister needs to think carefully about some of the answers he is giving, even though I appreciate the difficulty that he has, having been lumbered with it, in trying to give adequate answers to the points being made. Having said that, I beg leave to withdraw the amendment.

Amendment 13 withdrawn.

Amendment 14

Moved by ***Lord Gascoigne***

14: Schedule 4, page 160, line 23, leave out from "if" to end of line 24 and insert "—

(a) the tenant is holding over under the Local Government and Housing Act 1989 at the valuation date, or

(b) the term date of the current lease is within the period of five years beginning at the valuation date."

Member's explanatory statement

This amendment would stop the standard valuation method from being compulsory if the current lease has passed its term date (and so the tenant is holding over by virtue of Schedule 10 to the Local Government and Housing Act 1989).

Amendment 14 agreed.

Amendment 15 not moved.

Amendment 16

Moved by ***Lord Howard of Rising***

16: Schedule 4, page 162, line 41, at end insert—

"Hope value and/or marriage value payable

13A The standard valuation method is not compulsory for the property comprised in a current lease in circumstances where Assumption 2 in paragraph 17 does not apply."

Member's explanatory statement

This amendment would not require the standard valuation method to be used in circumstances where hope value and/or marriage value is payable.

Lord Howard of Rising (Con): My Lords, Amendments 16 to 18 in my name seek to ensure that the approach taken towards marriage value by this legislation does not undermine long-standing and entirely legitimate property rights, specifically ensuring that a standard valuation is not compulsory where hope value and/or marriage value is payable.

[Lord Howard of Rising]

First, I contend that the Government's suggestion that they are abolishing marriage value is a misnomer. The so-called abolition is rather a transfer of wealth, and the Government's proposals are simply a retrospective expropriation of assets: an interference with long-established property rights. Handing over the full benefit of marriage value to leaseholders without compensation will have wide-ranging effects, but the most damaging and significant is the threat to property rights if the ownership of property is no longer secure, because it can be taken away without compensation. Where does that leave us? On all occasions, when the Government have been asked about the principle of marriage value in the past, they have consistently acknowledged and accepted that it forms part of a landlord's legitimate property interest—that is, until now.

Research commissioned by leading consultants shows that this interference with long-established property rights will benefit only a tiny proportion of properties in England, and will disproportionately benefit property investors in London rather than leaseholders who live in their homes—genuine home owners, as I have referred to before. The Government's impact assessment states that there 4.8 million leasehold properties in England, of which only 385,400 have leases under 80 years. Of these 385,400, the large majority, and therefore the bulk of the value that might be transferred, are located in London and the south-east. Despite the Government's noble ambition to support aspirational home owners, I understand that in London, 60% of leaseholders benefiting from this policy change would be private investors, of which as many as a quarter are based overseas.

Finally, as we have already covered briefly, there is the problem with human rights legislation. As I said earlier, the Government have consistently acknowledged and accepted that marriage value forms part of a landlord's legitimate property interest. One of the founding principles of the European Convention on Human Rights is the protection of property. I know I have mentioned this before but it needs mentioning again, because we will end up with years of legislation to nobody's benefit and at huge cost.

The lack of compensation for freeholders under the process as set out in the Bill challenges the expectation that parties should be fully compensated for losses resulting in expropriation or state control of use. Regardless of the results in the courts, it is clear that it will cost the Government a small fortune and freeze the leasehold property market, and that present leaseholders will be reluctant to sell when there is the chance of a greater value in the future—given the state of the current property market, that is really not an additional unintended consequence.

My amendments here, and those that I will speak to later in this debate, seek to address these problems and introduce sensible solutions. I beg to move.

Lord Jackson of Peterborough (Con): My Lords, briefly, I support my noble friend Lord Howard of Rising's amendment. It is important to put on record some of the concerns about the marriage value and grandfathering issues that the Bill has thrown up, and the problem of significant ramifications and externalities, and unintended consequences, that may fall as a result of this Bill becoming an Act later today. It is important to also put on record, as the noble Lord, Lord Hacking, said, that it is an unsatisfactory position that such a complex and potentially difficult and litigious Bill should be debated in the final stages of the last day before Prorogation.

I should say at the outset that I am very grateful to David Elvin KC of Landmark Chambers for the legal work that he has done on this Bill. Freeholders, many of them individuals who rely on income from ground rents and marriage values, should not be penalised. Government figures show that, of the 5.2 million leaseholders in the UK, only 400,000 will benefit. This issue is one of fairness and equity. Four-fifths of those leaseholders are in London and the south-east, and two-thirds are not owner-occupiers. Just 240,000 owner-occupier leaseholders stand to gain.

The Residential Freehold Association describes the reforms as

"a totally unjustified interference in the legitimate property rights of freeholders".

It claims that the Government may need to pay out £31 billion in compensation for erasing the value of these investments. Mick Platt, director of the RFA, said, very pertinently:

"Given the UK's proud history of protecting legitimate property rights and respecting contract law, it would ordinarily be unthinkable for investors to have to rely on the courts to protect their interests, but this is inevitable if Mr Gove pushes these proposals through".

Marriage value currently forms part of the property value and is shared equally between freeholders and leaseholders where leases are under 80 years. The original social justification for enfranchisement allowed the recovery of market value and an equitable share of marriage value. This reform takes that away and, subject to any transitional provisions, removes a whole element of the value from the freeholder without compensation, so that any assessments of, or reliance on, existing market values will be frustrated. As has been said by my noble friend, it will be, in many cases, a retrospective deprivation of value in that it applies to existing interest.

I want to specifically address the point made by my friend the noble Baroness, Lady Fox of Buckley—with whom I very rarely disagree because she is eminently sensible on pretty much everything she opines on in this House—about lawyers casting their eyes on this legislation. In Lindheim v Norway, before the European Court of Human Rights, the state sought to manipulate market value in mandatory lease extensions by fixing the rent at historic, rather than current, value, and the Strasbourg court held that this violated Article 1 of the first protocol of the European Convention on Human Rights. You do not often get me citing the European Convention on Human Rights, but I will make an exception today because this is an important issue.

Although the social measures pursued a legitimate aim in the public interest, none the less the measure did not strike a fair balance, given the burden placed on property owners. The proposed abolition of marriage value in this Bill represents a significant departure from established property practices. The unilateral transfer of value from freeholders to leaseholders without compensation raises legal, ethical and practical concerns.

As I finish, I make the point that the Government should look benevolently on Amendments 20 and 21 on grandfathering, because they provide an interesting way forward. It would adjust the balance in applying assumptions which remove marriage value only to those leases with more than 80 years remaining at the time of commencement of the relevant provisions.

The Minister has done an excellent job defending a very sticky wicket against some quite awkward googlies. I know that we all have had very little time to prepare for this, but this needs to be put on the record because this legislation has the potential to give rise to very serious division, litigation and difficulties, and unintended impacts in the property market, which will mean fewer people have the benefit of owning their own homes or having leases. With that, I conclude my remarks.

Lord Gascoigne (Con): I thank my noble friends Lord Howard of Rising and Lord Moylan for these amendments. They lay some of the groundwork for the grandfathering amendments to marriage value, which will be discussed later—in group 7, I think—and we will debate the substantial matters then.

One thing I would like to say now, so that I am not accused of ignoring it, is that the Leasehold and Freehold Reform Bill is considered by the Government to be A1P1 ECHR-compliant as introduced to both Houses. Indeed, the valuation scheme itself and constituent parts are A1P1-compliant. We will come back to that in a couple of groups.

It is worth pointing out that Amendment 16 would not only grandfather marriage value but remove such leaseholders left owing marriage value from the standard valuation method altogether. The consequences of this would be that they would not only be left owing marriage value but would not benefit from any valuation reforms, including to the treatment of ground rent rates and so on. Moreover, since there would be no specific provisions for valuing their properties outside of the standard valuation period, leaseholders and freeholders would be left to negotiate all aspects of the valuation. This would result in much greater costs, delays and litigation. I therefore kindly ask my noble friends not to press their amendments.

Lord Howard of Rising (Con): I thank the Minister. We touched on this before. The Minister said that this is compliant with the European Convention on Human Rights, but the advice given to the Government was that it was a very marginal case.

I also point out to the Minister that, if you had some ground rents coming in and you had them removed by force, you would simply fight as long as you wanted, because you would continue to get them while you were fighting in the court. I envisage that the legal complications would last for several years. There are huge sums of money involved, with £7.1 billion of assets being transferred, and people will try to protect that.

If I was the Minister, I would go back and ask my legal advisers to check what was happening. Having said that, I beg leave to withdraw the amendment.

Amendment 16 withdrawn.

Amendment 17 not moved.

5 pm

Amendment 18

Moved by ***Lord Gascoigne***

18: Schedule 4, page 163, line 28, leave out from "that" to end of line 34 and insert "the following occurred immediately before the valuation date—

(a) in the case of the transfer of a freehold house under the LRA 1967—

(i) the merger with the freehold of any lease which the claimant will acquire as part of the statutory transfer;

(ii) the surrender of any lease of the currently leased premises that belongs to the qualifying tenant and is superior to the current lease;

(b) in the case of the grant of an extended lease of a house under the LRA 1967—

(i) the merger with the interest of the person granting the statutory lease of any lease which will be deemed to be surrendered and regranted as part of the statutory grant;

(ii) the surrender of any lease that will be surrendered under paragraph 11(1) of Schedule 1 to the LRA 1967 as part of the statutory grant;

(c) in the case of the collective enfranchisement of a building under the LRHUDA 1993, the merger with the freehold of any lease which the claimant will acquire as part of the enfranchisement;

(d) in the case of the grant of a new lease of a flat under the LRHUDA 1993—

(i) the merger with the interest of the person granting the statutory lease of any lease which will be deemed to be surrendered and regranted as part of the statutory grant;

(ii) the surrender of any lease that will be surrendered under paragraph 10(3) of Schedule 11 to the LRHUDA 1993 as part of the statutory grant."

Member's explanatory statement

This amendment would restructure paragraph 17(2) and add new material in paragraph (a)(ii), (b)(ii) and (d)(ii) to require it to be assumed that certain leases have been surrendered.

Amendment 18 agreed.

Amendment 19 not moved.

Amendment 20

Moved by ***The Lord Bishop of Southwell and Nottingham***

20: Schedule 4, page 164, line 15, at end insert—

"(3A) But in a case where the freeholder is a charity and the freehold interest was vested in that charity immediately before the passing of this Act, the freeholder is entitled to compensation for loss of marriage or hope value, with the amount of compensation being equal to the amount the freeholder would have received by way of marriage or hope value if assumption 2 had not been made."

Member's explanatory statement

This amendment would give a charity freeholder the right to compensation for the loss of marriage or hope value.

The Lord Bishop of Southwell and Nottingham: My Lords, I will speak to both amendments in my name. I declare my interest as a beneficiary of the funds of the Church Commissioners, being in receipt of a stipend. I am also a leaseholder of a flat in Bristol.

[The Lord Bishop of Southwell and Nottingham]

I beg the House's indulgence briefly to return to the impact that this Bill will have on seven charities. I do not wish to unduly detain the House for longer than strictly necessary, but this legislation as drafted will have a significant financial effect on the operational ability of the charities.

My amendments have the support of my right reverend friend the Bishop of Manchester and the noble Lord, Lord Thurlow, who are unfortunately unable to attend the House today but raised similar issues at Second Reading and in Committee. We submitted our concerns to every consultation and debate before the Bill arrived, and have done so since. We none the less thank the noble Baroness, Lady Scott of Bybrook, who has given very diligent service to the House, particularly for her work on this Bill. We thank the noble Lord, Lord Gascoigne, who has been supporting the noble Baroness, Lady Scott, and is stepping in today in somewhat challenging circumstances.

I wish to put on record that these two amendments serve to register the ongoing concern that I and others have and seek to press for clarity and reassurance. This has been requested in meetings but, despite the best efforts of the ministerial team and the department, it is still not sufficient. My right reverend friend the Bishop of Manchester wrote to the noble Baroness, Lady Scott, last night when the Bill was announced as returning and I hope the noble Lord, Lord Gascoigne, has seen this.

My right referend friend and I unreservedly support the Bill's primary aim of making leasehold a simpler and fairer tenure for all. However, we are concerned about the unintended consequences, in particular on a small number of charities which, despite being fairly few in number, deliver a large amount of public good. These charities collect receipts from lease extensions which fund their charitable work and which are put in jeopardy by this Bill. Some of the charities implicated stand to lose as much as £3 million per annum in distributable funds. These are not small figures. I fear that, for some of those charities affected—the John Lyon's Charity will lose £4 million per annum, one-quarter of its total income, most of which goes towards supporting children and youth projects—these losses will be considerable.

The Church Commissioners stand to lose £1 million per annum in distributable funds. This will hit their discretionary spend, including the strategic development fund, which supports some of the more deprived areas of the country. This is particularly close to my heart, as my diocese of Southwell and Nottingham has received four significant disbursements from this fund, benefitting particular areas of higher deprivation where there were important opportunities to develop work among children and young people. These funds equip churches to grow and enhance their contribution to community-building initiatives, especially working in partnership with local schools. The transformation that that brings is of considerable social and public benefit. For example, there has been pioneering and successful regeneration work across seven estates to the north of the city.

It is work like this that the charities I am talking about are particularly well placed to deliver. When we discussed this issue in Committee, there was support from various corners of the House that charities should not be out of pocket as a result of this Bill. Nobody wants to see the worthwhile work of charities threatened, particularly in a time of ever-increasing need.

My right reverend friend the Bishop of Manchester and I had hoped that there would be sufficient time in the remaining stages to agree a solution to deliver a fairer deal for leaseholders without unduly disadvantaging charities. I regret but understand that wash-up has got in the way of that. While I have no desire to hold up proceedings, I hope that the Minister will look seriously at accepting the amendment offered by way of a mutually acceptable solution.

The amendments in my name seek to mitigate the financial impact of this Bill on charity freeholders. Amendment 20 would entitle charity freeholders to compensation, which would mean that they would be no worse off due to the passage of the Bill in terms of marriage and hope value. Amendment 32 would ensure that, in setting deferment rates, the Secretary of State would need to have due regard to the income of charity freeholders, taking into account their incomes and public benefit, just as the rates will take into account the needs and wishes of leaseholders.

These rates are potentially make or break for some of these charities, while all support the aim of making it clearer and simpler to extend a lease. However, in setting these rates, the Secretary of State needs to consider the potential impact on beneficiaries of registered charities. The Bill gives the Secretary of State the power to set, change and periodically review the deferment rates. How do the Government intend to set these rates? Will the Minister commit to consult charities about these rates to ensure that they can continue their good work?

It should be noted that, despite our support on these Benches for the concept of the Bill, in our view it does not deliver the Government's aim of ending the tenure of leasehold or present a compelling alternative. Commonhold was a wholly positive development but, as noted in this House several times, it has failed to take off and nothing in this Bill will help it to catch on. My right reverend friend the Bishop of Manchester and I are particularly concerned that the Bill will make life difficult for charities and their beneficiaries without really delivering an improved system of tenures. I therefore respectfully request that consideration be given to the adoption of these amendments.

Lord Murray of Blidworth (Con): My Lords, I apologise for not previously intervening on this Bill. I have no leasehold interests but, given that I will support the right reverend Prelate's amendment, I should declare that, until very recently, my son sung in the excellent cathedral choir at Southwell Minster.

It is very difficult for the Government to argue against the point raised by the right reverend Prelate. It cannot be right that a Conservative Government should impact on the revenue of charities in this way. The seven charities he listed, in particular the John Lyon's Charity, are fundamentally reliant on the income derived from these sources. Insufficient scrutiny has been given

to the efforts made to protect that income. Similarly, the vital funds paid to the Church Commissioners from their income from these types of sources need to be protected.

All this appears to be symptomatic of the lack of scrutiny consequent on the driving of this measure through wash-up. I share the concern expressed in earlier groups by my noble friends Lord Robathan, Lord Howard, Lord Jackson and Lord Moylan and the noble Lord, Lord Hacking. I also share the concern that legislating in haste will result in our experiencing difficulties in the Strasbourg jurisdiction. While my noble friend the Minister reassured us on the last group that the Minister had seen fit to certify that, in his view, these measures are compliant with Article 1 of the first protocol of the European convention, as my noble friend Lord Jackson identified, there is a wealth of case law in Strasbourg identifying the protection of property rights, particularly in relation to charities.

I find myself strongly in agreement with the right reverend Prelate, which is a very happy and unusual situation. I commend his amendment to the Front Bench. I conclude by praising my noble friend the Minister, who has picked up this unfortunate googly at the last minute. The right reverend Prelate's amendments are worthy of considerable consideration.

Lord Howard of Rising (Con): My Lords, I listened with great interest to the right reverend Prelate. Worthy though charities are, it should not just be charities which benefit from this. Although I would like to see them exempted, the same should happen to everybody. Under the law, all should be equal. I find it difficult sometimes to support the Church as a charity if it can bung away £100 million. Then it wanted to bung away £1 billion—it is quite difficult to keep up with the Church's generous donations. It is hard enough supporting my wife in her endeavours with the village fête to raise £2,000 and I sometimes wonder why we do it when the Church can give away as much as it does.

The Church does fantastic work and I would like to see it getting a larger income but I think this should apply not just to specific charities but to everyone who has made an investment and is expecting something in the long term. Pension funds invest in this form of investment because they have obligations that stretch 20, 30, 40 or 50 years ahead. How do you pay for that in the days of inflation? If you buy a freehold which you expect to fall in, you are covering your future liability. If that can be suddenly taken away, maybe we should include pension funds as a special category. I come back to the thing that it should be the same for everybody. I do not know how the Government intend to work it out for pension funds. If the total sum, as I said before, is £7 billion, that is a big hole in pension funds even if they own only a percentage of that.

I look forward to hearing what the Minister says about charities and, in particular, the Church's exemption.

Lord Gascoigne (Con): I thank the right reverend Prelate the Bishop of Southwell and Nottingham for these amendments and for his very kind comments about the Minister, which I will ensure she is aware of.

The Government fully appreciate the essential work done by the charity sector and I completely understand the sector's concerns about the deferment rate. I also understand the importance of prescribing the rates for both leaseholders and freeholders, and recognise the right reverend Prelate's concerns. We have committed to prescribing the rates at market value and the Secretary of State will carefully take into consideration and review all the information and views shared ahead of setting the rates. We have welcomed and appreciate the contributions the Church Commissioners and charities have provided and will welcome continued engagement before the rates are set.

As I have said, we recognise the positive contributions many charities make to our society, yet attempting to create carve-outs for specific groups of landlords, including charities, would complicate a system we aim to simplify. With that and with respect, I ask the right reverend Prelate to withdraw his amendment.

The Lord Bishop of Southwell and Nottingham: I thank the Minister for his answer. I will keep this brief. I thank the charities concerned and their staff for the support they have given to these amendments. I am also grateful to noble Lords for their valuable contributions not only to these amendments but to this debate more generally, expressing concerns about this Bill.

5.15 pm

As we approach the election, I hope that these points have been heard, and heard by all those who might stand at the Dispatch Box in the next Administration. Further consideration will need to be given to clarify the compensation arrangements so that charitable activity and public benefit are not reduced as a consequence of this Bill. Having put this concern on record, I beg leave to withdraw the amendment.

Amendment 20 withdrawn.

Amendment 21

Moved by ***Lord Howard of Rising***

21: Schedule 4, page 164, line 15, at end insert ", but see sub-paragraph (3A).

(3A) Assumption 2 is not to be made where—

(a) the claimant held the lease on the day on which this Act was passed, and

(b) on that day the lease was of less than 80 years' duration.

Accordingly, marriage or hope value is payable in the case of a lease of less than 80 years' duration held by the claimant at the date of the passage of this Act."

Lord Howard of Rising (Con): My Lords, Amendments 21 and 22 in my name seek to provide a means to ensure an orderly phasing out of marriage value. As we know, the Government's impact assessment confirms that these proposals will result in a significant transfer of wealth to private landlords—not the people who actually live in leasehold properties, but the ones who own them. This is, in fact, a straightforward case of retrospective transfer of wealth with no compensation, and a significant deviation from current accepted property law.

[Lord Howard of Rising]

We heard in Committee and this afternoon the main arguments against the Government's proposals, wrapped up in the European Convention on Human Rights, Article 1 of Protocol 1, which says that all persons have the right to own property and to make use of their possessions and that no one shall be deprived of their property until public necessity so demands. If so, the state must guarantee fair compensation. This does not seem to be the case in the Bill.

Our own UK Human Rights Act says:

"Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law."

This law stands a very strong chance of being attacked under human rights, because it is not offering fair compensation to the freeholders, and it is retrospective. I therefore very much hope that the Minister will see the dangers. We mentioned them earlier, so there has been plenty of time to think about them and the unfairness of this. I hope he will accept this proposal. This straightforward amendment proposes to tweak the legislation by grandfathering the current situation for those leases that have fewer than 80 years to run.

Governments have consistently acknowledged and accepted that marriage value forms part of landlords' legitimate property interests. One of the founding principles of the European convention is that protection. What worries me is that, if the Government feel free to simply transfer assets in that way, where does that leave the banking system and the general economy? If there is no security of property assets, how does the banking system propose to work? What will it do with security? What will happen next? Will somebody say, "Somebody's mortgage is 30 years' long, which is frightfully unfair; it should be 25 years" and therefore knock five years off it? Does the person who lent the money just take the hit? What will the next reallocation or expropriation of assets be? If you have the economy working as it is today, you simply cannot chip away at a cornerstone without having a long-term effect.

I referred when I spoke at Second Reading to income tax being introduced at 2.5p in the pound and reaching 100%. The same will happen with property if left alone. If this goes through, we will have created a precedent that is extremely unhelpful. I am not saying that it would happen immediately, but the fact is that Governments always take advantages where they can to get their own way. One of the chief objections to this legislation is that erosion of the sanctity of the property asset. It is something that the Government should think most seriously about.

With the grandfathering those existing leases of less than 80 years, with marriage values already imputed under the 1993 legislation into their enfranchisement or lease extension value, they will not suffer from the destruction of the £7.1 billion of financial value, nor provide an unexpected enrichment for investors and overseas companies—and you will retain investor confidence in this country, because if you start to erode value where you feel like it, you will find that people no longer wish to invest in this country. So I ask the noble Lord to consider my amendment very seriously.

Lord Gascoigne (Con): My Lords, I thank my noble friends Lord Howard of Rising and Lord Moylan for their amendments. These amendments would leave some leaseholders with wasting assets from which there is no escape. We have been unequivocally clear that the Government's stated objective is to make it cheaper and easier for leaseholders to extend their lease or acquire their freehold. We do not believe that the leaseholder should have to pay marriage value. I know my noble friends have concerns that the removal of the requirement to pay marriage value, as I have heard previously, is expropriation. But the Government believe marriage value is a windfall that leaseholders should not have to continue to pay because of their need to enfranchise. The new valuation scheme without marriage value will provide sufficient compensation to freeholders and it is, as I have said before, the Government's view that it is A1P1-compliant. I therefore kindly ask noble Lords not to press their amendments.

Lord Howard of Rising (Con): Well, I would say to the Minister that people who have leases of under 80 years bought them. They purchased them and they got a discount on what they were buying because of the shorter period. Now you are suddenly saying, "Actually, they paid a perfectly fair price at the time, because it was cheaper than a longer lease or a freehold, but actually that is not good enough, so let them have a bit more." So they are very lucky, but it is very unfair on those, such as the Church and pension funds, which invested for the longer term and have sold leases to people who wanted to buy leases. It was not compulsory; nobody from the Government went along and said, "Hang on, old boy, you've got to buy this lease whether you like it or not". They bought them voluntarily and, as I have already said, most of these leases are in central London, where it was very much a voluntary act. If you had bought a 10-year lease in one of the more fashionable areas, it would have cost you many millions of pounds and you would have bought it knowing you could use it for 10 years. To suddenly find you can increase it to 80 years, making profits of tens of millions of pounds, seems to me absolutely absurd. It is a case of Robin Hood in reverse—robbing the poor, namely the pension fund holders and the charities, in order to give to the rich. I would be very interested to hear the Minister's comments on that before he sits down.

The Deputy Speaker (Baroness Garden of Frognal) (LD): The Minister has already spoken. He has sat down.

Amendment 21 withdrawn.

Amendments 22 to 25 not moved.

Amendments 26 to 28

Moved by ***Lord Gascoigne***

26: Schedule 4, page 166, line 30, at end insert—

"(4A) But, as this paragraph has effect subject to any assumptions that must be made in accordance with other provisions of this Schedule, the effect of those assumptions must form part of the determination of what, if any, specified matters arise."

Member's explanatory statement

This amendment would make clear that the assumptions made under Schedule 4 govern paragraph 20 (so that, for example, an intermediate lease which is assumed to have been surrendered, or merged with a superior title, would not be a "specified matter").

27: Schedule 4, page 166, line 38, leave out from "1989" to end of line 7 on page 167 and insert ", and

(b) the tenant is not holding over under that Act at the valuation date.

(1A) That right to hold over, and the likelihood of that right being exercised, is to be taken into consideration in determining the market value only if—

(a) the term date of the current lease is within the period of five years beginning at the valuation date, and

(b) that right to hold over is likely to be exercised."

Member's explanatory statement

This would clarify that paragraph 21 only applies before the tenant starts to hold over under the Local Government and Housing Act 1989.

28: Schedule 4, page 167, line 27, at end insert—

"22A "(1) This paragraph applies when determining—

(a) the market value of the relevant freehold on the transfer of a freehold house under the LRA 1967, or

(b) the market value of the notional lease on a lease extension,

if the qualifying tenant is also the tenant of a relevant superior lease.

(2) A "relevant superior lease" is a lease that—

(a) is superior to the current lease, and

(b) in accordance with paragraph 17(2)(a)(ii), (b)(ii) or (d)(ii) must be assumed to have been surrendered.

(3) After the application of the other provisions of this Schedule for the purposes of calculating the market value, including the assumptions in paragraph 17(2)—

(a) the amount produced by the application of those other provisions must be reduced to take account of the value of the relevant superior lease, and

(b) the amount produced after that reduction is the market value."

Member's explanatory statement

This amendment would ensure that the qualifying tenant is not required to pay a price that includes the value of an interest which they already own (namely a lease that is superior to the lease they are enfranchising or extending).

Amendments 26 to 28 agreed.

Amendment 29

Moved by ***Lord Moylan***

29: Schedule 4, page 168, line 31, leave out sub-paragraphs (3) and (4)

Member's explanatory statement

This amendment would remove the cap on ground rent for the purposes of enfranchisement calculations.

Lord Moylan (Con): My Lords, there has been a number of groups concerning marriage value and I have not spoken in them, because I thought I would save my remarks for now. It is quite clear that what the Government are proposing is simply expropriation—there is no other word for it—and it is one of the two most objectionable features of this Bill. The second is the one I come to now, as the subject of these amendments, which relate to the setting of a cap on ground rents for valuation purposes.

It will perhaps help some noble Lords if I say that, when I have mentioned this amendment, some people have asked me, "Why are you talking about ground rent when the Bill doesn't introduce the expected cap on ground rents?" It is the cap on ground rents payable that is not introduced. However, in Schedule 4, there are provisions whereby the Government determine what the ground rent should be treated as for the purpose of valuations in the event of a leasehold enfranchisement or a lease extension. These two amendments would simply remove that cap.

What is happening, put very simply, is another form of expropriation. Quite simply, the ground rent that the tenant has signed up for and which the freeholder has a legitimate expectation of should be ignored in the assessment of valuations for the purposes I mentioned a moment ago and should be set at 0.1% of the property's market value as a cap. As I say, this is simply another unwarranted interference with property rights, with almost no understanding or explanation on the part of the Government of what the practical effects will be on the interests of legitimate freeholders, which include pension funds, charities and other parties.

With that, I shall sit down since I do not expect my noble friend to give way on the matter, but I think it is very important that the point is made: this is another of the two most odious provisions in the Bill.

Lord Gascoigne (Con): My Lords, I thank my noble friend—if I can still call him that—Lord Moylan for these amendments. As I made clear in Committee, the Government have made their intention to make enfranchisement cheaper and easier for leaseholders explicitly clear.

There has been much discussion of ground rents and the incidences where they cause difficulties for leaseholders. The provision in the Bill to cap ground rent in enfranchisement calculation at 0.1% of the freehold vacant possession value is an important measure to ensure that leaseholders with relatively high ground rents do not find the cost of enfranchisement prohibitively expensive. These amendments would be counter to that objective so, with respect, I ask my noble friend Lord Moylan to withdraw his amendment.

Lord Moylan (Con): My Lords, I beg leave to withdraw the amendment.

Amendment 29 withdrawn.

Amendment 30 not moved.

Amendment 31

Moved by ***Lord Moylan***

31: Schedule 4, page 170, line 35, leave out sub-paragraphs (8) to (10)

Lord Moylan (Con): My Lords, again, I will be brief. The question of deferment rates was raised by the right reverend Prelate the Bishop of Southwell; he raised them specifically in connection with charities but he did not explain exactly what was going on here. My amendments are broader than his as they cover the entire spectrum of deferment rates.

[Lord Moylan]

What is going on here is that these rates, deferment rates and capitalisation rates—I have amendments addressing both—are absolutely crucial to the valuation of property for the purpose of freehold enfranchisement and leasehold extensions. Indeed, I am indebted to the noble Baroness, Lady Pinnock, for her speech in Committee when she read out in tabular form, so to speak, how very small adjustments in deferment rates—perhaps only a quarter of a percentage point—could have very large effects on capital values. She illustrated, without my having to do so, exactly how important this measure is.

Heretofore, deferment rates and capitalisation rates have been set in principle by a tribunal on the basis of argument and evidence. It is true that that does not happen very often. I grant this point to the Government: while large landowners have the resources to bring those actions before a tribunal, it is more difficult for leaseholders to do so because of the large amount of professional evidence required in order for them to make their case.

I fully accept, therefore, that this could be looked at, but can it be the right approach for this rate to be set by the Secretary of State? Why would we transfer this highly political question to the Secretary of State? Pushing up the deferment rate will have the effect of destroying freehold values. I know that my noble friend said that it will be set in line with the market, but that leaves a very wide margin of discretion, none the less. My amendments refer to both the deferment rates and the capitalisation rates. I cannot see why we would want to pass this sensitive decision into the political forum, in essence.

My noble friend said that the Secretary of State will consult—he offered that assurance to the right reverend Prelate in relation to charities—but that is no substitute for having these rates set in a judicial forum on an adversarial basis, as is our tradition, and on the basis of argument and evidence. This vision should go. I beg to move.

5.30 pm

The Lord Bishop of Southwell and Nottingham: My Lords, I support Amendment 37 in the name of the noble Lord, Lord Moylan. As he has made clear, it would give some guidance to the Secretary of State in setting capitalisation rates. The amendments would go a long way to ensuring that the rate is set fairly and considers the wishes of all stakeholders.

I have already spoken at some length about the impact of the Bill on charity freeholders, and capitalisation rates are one of the areas that could significantly impact charity incomes. The Secretary of State will now have the power to set this rate. That might make the process simpler for leaseholders, an aim which I applaud and support, but it must be noted that the rate will also have an impact on the amount of money that some charities will then have to disburse to some of the most deprived areas of the UK. It is only right that there should be clear guidelines to guide the setting of the rate, and one of the factors that should be taken into account is the incomes of charities.

Lord Gascoigne (Con): My Lords, I thank my noble friends Lord Moylan and Lord Howard of Rising for their amendments, and the right reverend Prelate for his comments.

At the moment, it is difficult for a leaseholder to understand how much they must pay to the landlord when they enfranchise. Different rates are used across the country and across the industry on a case-by-case basis. It can therefore be costly and time-consuming for both parties to agree, especially where there may be a dispute, which can lead to inefficiencies in the system.

We are reforming the enfranchisement valuation landscape and rebalancing the inequity of arms between leaseholders and freeholders. For the first time, we can put an end to uncertainty, inefficiency and the wasted costs and time that leaseholders and freeholders endure through the current enfranchisement valuation process. We will do this through these reforms, by allowing the Secretary of State to prescribe the capitalisation and deferment rates for enfranchisement valuation calculations.

I know that there has been concern that the Bill includes a requirement to review the rate at least every 10 years, as has been mentioned. However, this is simply a backstop. It does not preclude the Secretary of State reviewing them more frequently, as suggested by these amendments. Nor will the power preclude the Secretary of State from setting different rates for different situations, which is also suggested by these amendments. I am fully aware of the importance of prescribing the rates for both leaseholders and freeholders, and recognise the concerns, including those of the right reverend Prelate. The rates will be prescribed at market value, as we have committed to and as suggested by the amendments. I ask my noble friend to withdraw his amendment.

Lord Moylan (Con): My Lords, I omitted to say what I should have said: of course, my noble friend, who has been a friend for a very long time indeed, may continue to regard me as his noble friend and I will regard him as my noble friend, whatever strange and paradoxical circumstances we may find ourselves in in the course of debate in this Chamber. With that remark, and with a great sense of dissatisfaction at his response, I beg leave to withdraw my amendment.

Amendment 31 withdrawn.

Amendments 32 to 37 not moved.

Schedule 6: Schedule 4 and 5: interpretation

Amendments 38 and 39

Moved by ***Lord Gascoigne***

38: Schedule 6, page 179, line 26, before first "Schedule" insert (1)

Member's explanatory statement

This amendment would be consequential on the amendment in my name that would insert a new sub-paragraph (2) into paragraph 1.

39: Schedule 6, page 179, line 39, at end insert—

"(2) But in the case of a deemed single lease—

(a) there is not to be a single term date for the deemed single lease (as would otherwise be the case in accordance with section 3(6) of the LRA 1967 or section 7(6) of the LRHUDA 1993);

(b) instead, each constituent lease has its own term date (and sub-paragraph (1) applies for the purpose of giving the meaning of "term date" here)."

Member's explanatory statement

This amendment would provide that, where there is a deemed single lease, each of the constituent leases has its own separate term date (instead of there being a single term date for that deemed single lease).

Amendments 38 and 39 agreed.

Amendment 40 not moved.

Amendment 41

Moved by ***Lord Gascoigne***

41: Schedule 6, page 180, line 37, leave out from "date"" to end of line 42 and insert "is to be read subject to paragraph 1(2);"

Member's explanatory statement

This amendment would be consequential on the amendment in my name that would insert a new sub-paragraph (2) into paragraph 1.

Amendment 41 agreed.

Schedule 8: Leasehold enfranchisement and extension: miscellaneous amendments

Amendments 42 and 43

Moved by ***Lord Gascoigne***

42: Schedule 8, page 196, line 10, at end insert—

"(3A) But any lease that must be surrendered under paragraph 11(1) is to be treated for the purposes of this paragraph as if it had been surrendered immediately before the relevant time."

Member's explanatory statement

This amendment would ensure that a lease which must be surrendered is assumed to have been surrendered.

43: Schedule 8, page 198, line 3, at end insert—

"(3A) But any lease that must be surrendered under paragraph 10(3) is to be treated for the purposes of this paragraph as if it had been surrendered immediately before the relevant date."

Member's explanatory statement

This amendment would ensure that a lease which must be surrendered is assumed to have been surrendered.

Amendments 42 and 43 agreed.

Amendment 44

Moved by ***Lord Young of Cookham***

44: After Clause 46, insert the following new Clause—

"Abolition of forfeiture of a long lease

(1) This section applies to any right of forfeiture or re-entry in relation to a dwelling held on a long lease which arises either—

(a) under the terms of that lease, or

(b) under or in consequence of section 146(1) of the Law of Property Act 1925.

(2) The rights referred to in subsection (1) are abolished.

(3) In this section—

"dwelling" means a building or part of a building occupied or intended to be occupied as a separate dwelling, together with any yard, garden, or outhouses and appurtenances belonging to it or usually enjoyed with it;

"lease" means a lease at law or in equity and includes a sub-lease, but does not include a mortgage term;

"long lease" has the meaning given by sections 76 and 77 of the Commonhold and Leasehold Reform Act 2002."

Member's explanatory statement

This new Clause would abolish the right of forfeiture in relation to residential long leases in instances where the leaseholder is in breach of covenant.

Lord Young of Cookham (Con): My Lords, this will give my noble friends Lord Moylan and Lord Howard an opportunity to catch their breath. At the beginning of our proceedings, the noble Lord, Lord Kennedy, picked up the Marshalled List, waved it in a state of mild indignation and demanded to know where was the amendment on forfeiture. My noble friend the Minister said it was not there, but here it is, in my name rather than the Government's.

The position on forfeiture is very simple. At the moment, a tenant can lose possession of a flat worth £500,000 for a debt of £351, with the landlord keeping the entire difference between the value of the property and the debt. At Second Reading, this was condemned by nearly every speaker who spoke on it. When the Minister wound up, she said:

"We recognise that this is a real and significant problem and that there is huge inequity at stake here".—[*Official Report*, 27/3/24; col. 704.]

The issue was raised again in Committee, and again my noble friend the Minister replied:

"We recognise that there is the potential for significant inequity"—

it had been a "huge" inequity; now it is a "significant" one—

"where a landlord stands to gain a windfall when a lease is forfeited. However, I reassure the noble Baroness, Lady Taylor, and the Committee that the Government have been listening to calls for us to act. The Government continue to work through the detail and we will report to the House shortly with more information".—[*Official Report*, 24/4/24; col. 1552.]

Now is the opportunity to report to the House with more information.

Of course, I hope we might have an element of surprise in our proceedings and the Minister will get up and say that this amendment can be accepted, but I fear that the script in his folder begins "resist". I put a direct question to my noble friend: exactly what progress has his department been able to make on this subject? It was raised at Second Reading in the other place many months ago, where the Minister recognised that this was an inequity, so they have had four or five months in which to address the problem. I want to know whether sufficient progress has been made for the Government, of whatever complexion, to provide me at the beginning of the next Parliament with a Private Member's Bill that will simply put right this inequity of forfeiture. Actually, I had a Private Member's Bill on this subject some time ago, so there is a template on which to build. If my noble friend cannot accept the amendment, can he give an undertaking that the necessary measures have been drafted and that they will be available to any Member who is successful in the ballot at the beginning

[Lord Young of Cookham]
of the next Parliament so that we can introduce this measure by a Private Member's Bill if we cannot do it today? I beg to move.

Baroness Pinnock (LD): My Lords, the noble Lord, Lord Kennedy, also drew attention to the lack of a clause in the Bill to reduce ground rents to a peppercorn, as promised several times by the Secretary of State in the other place. There is one, as there is one on forfeiture, that I have tabled, because I feel it is an important issue to include in the Bill. I tabled Amendment 45, which would enable a transition, over five years, of ground rent to a peppercorn. There is no justification for ground rents. It is a cost to leaseholders for no service provided as a consequence. I hope, because it is clearly government policy and it is clearly supported by those on the Opposition Benches and certainly by ours, that the Minister can stand up and have at least one amendment today that he does not have the word "resist" against.

Lord Bailey of Paddington (Con): My Lords, I will speak to Amendments 51 and 52. I will not rehearse the arguments that I made in Committee, but I still have a major concern around the removal of any criminal sanction against bad landlords for service charge abuse. I want to be quite clear that this is not a crusade against landlords; landlords are often small family businesses, which are very good and want to help their tenants. However, a significant number of landlords have their leaseholders by the short and curlies, to coin a term that was sent to me by a suffering leaseholder. He was trying to get across just how powerless leaseholders are in this situation.

At a time when we have the likes of Alan Bates and sub-postmasters actively considering bringing private criminal charges against the Post Office, why would we remove that tactic from another set of people in our society who are roundly abused all the time? It is very simple: all this, for me, is about control. We need to give people who have paid this money control over their own future and their own money.

On Amendment 52, if a landlord does not pay back their overcharging within two months, they should face interest charges. This is to incentivise a landlord who has lost in an open, professional tribunal, who then drags their feet and forces leaseholders to launch other legal proceedings to reclaim money that they are rightfully owed. Again, this comes down to letting the little man or woman in the street have some control over their future. Perhaps my noble friend the Minister will comment on why the Government would not support these two reasonable, necessary measures, and send a signal to the country that the law is on the side of the small person who has ploughed all their savings into their home and who has no recourse.

Lord Truscott (Non-Afl): I will speak in support of my Amendment 66. In doing so, I remind the House of my interest as a long-standing leaseholder. At the outset, I thank the Minister, the noble Baroness, Lady Scott of Bybrook, who is not in her place, for her diligence and engagement on the Bill. I also thank noble Lords who have worked so hard to improve the Bill as it has progressed through your Lordships' House.

I welcome the Bill, even in its current form, as it at last heralds the beginning of the end of the outdated feudal leasehold system. Despite a determined rearguard action, we leaseholders have seen exploitation for hundreds of years. Enough is enough. In that sense, I agree with the noble Baroness, Lady Fox.

I must admit that, like many noble Lords and Members of the other place, I was rather taken aback by this cut-and-run election, which leaves so many pieces of legislation up in the air. My wife's reaction was that Mrs Sunak has simply had enough and wants to have a good, long, normal family holiday. There seems to be no other, political logic for it.

Like many noble Lords, I would have liked to have seen further improvements to the Bill, especially clarity—ensuring that leases were truly faster, cheaper and easier to extend. The situation in which it is left to the discretion of the Secretary of State to set the deferment rate, replacing marriage value, remains unsatisfactory. In that sense, I agree with the noble Lord, Lord Moylan.

Incidentally, I see no type of expropriation taking place in this Bill. Pension representatives have already said that the proposals in the Bill will not significantly impact them or their members.

Similarly, I would have liked to have seen ground rents reduced to a peppercorn which, as was mentioned by the noble Lord, Lord Kennedy of Southwark, we were initially promised. For that reason, I support Amendment 45 in the name of the noble Baroness, Lady Pinnock.

On my own amendment on forfeiture, I believe it is unacceptable that people should lose their homes for sometimes minor rent or service charge arrears. The figure of £300 was mentioned and there are recorded cases of it being a pittance. However, rents and service charges are necessary for building maintenance, fire safety, cleaning and other services, so they should be paid.

5.45 pm

My amendment calls for the Secretary of State to publish a report within 12 months on how rent and service charge arrears can be expedited by the courts. This is particularly important given the current crisis in our court system, which is overwhelmed by backlogs. For other breaches of the lease, forfeiture should remain until a system is devised that can swiftly resolve breaches of the lease without recourse to lengthy and costly proceedings in the High Court. This can cover matters such as repeated and threatening antisocial behaviour and illegal ultra-short lets in residential blocks. As the noble Baroness, Lady Scott of Bybrook, previously said, there are approximately 100 cases of forfeiture every year and 5 million leases, and cases can be discontinued if the leaseholder simply abides by the lease. I look forward to the response of the noble Lord, Lord Gascoigne.

Lord Moylan (Con): I am grateful to my noble friend Lord Young of Cookham for giving me a breather. I entirely agree with his amendment in relation to forfeiture, which is clearly a completely over-the-top response. Landlords and managers should be entitled to recover their costs, but not at the expense of the

tenant having their home seized or taken from them. Other ways must be found of doing that. If they made an effort, the Government would be able to find such ways. It might be through attachment of earnings or whatever, but forfeiture is clearly completely over the top and should go. I do not see why the Government cannot simply agree with what my noble friend Lord Young has said.

Lord Truscott (Non-Afl): I think the noble Lord misunderstood to a certain extent what I was saying. Forfeiture rarely happens; that is the point. It is merely the threat of forfeiture that ensures that people abide by their leases, and at the moment, as he mentioned, there is no system in place to ensure that people abide by those leases unless you go to the High Court, which is a very lengthy and expensive process. Without some such system, you will increasingly have anti-social behaviour and bodies such as Airbnb installed in residential blocks, and at the moment, there is very little recourse.

Lord Bailey of Paddington (Con): Forfeiture is regularly used as a threatening tool so, although it does not land in court all the time so people have their property seized, it is often spoken about to pull people into line or to force people to pay bills that are, at best, iniquitous. It is used very regularly. I accept the noble Lord's point that there needs to be another system, but forfeiture needs to go, even if that system does not exist, because its effect on leaseholders is broad, deep and very unpleasant.

Lord Kennedy of Southwark (Lab Co-op): My Lords, these are very welcome amendments that try to address two of the problems I referred to in my remarks on group 1. I still hope that the noble Lord, Lord Gascoigne, will jump up in a moment and say that the Government accept Amendments 44 and 45—that it was an error that the Government did not put their name to them—because they are exactly the things that the Member for Surrey Heath has been promising for months. I cannot remember the number of times I have heard in TV studios and the newspapers that he wants to do both these things. Here we are now with the mechanism to do it. All the Government need to do is accept the amendments and we can move forward.

As the noble Lord, Lord Moylan, said, anyone who is owed a debt should be able to recover it, but the threat of taking all the property away is completely wrong. Even on that one, I do not understand why the Government have not come forward with an amendment on it. It is absolutely bizarre. I think nobody in this House would oppose it, and it would be accepted. We want people to be able to recover their money, but this threat is totally over the top. We all agree on that.

What is even more frustrating is that, when I leave the Chamber and walk around the building, many Members actually agree with us, and say: "You're absolutely right, Roy. This should happen". I have even had Members of the Government Front Bench—not in the House at the moment—say to me: "The problem is, Roy, we agree with you, but Michael just goes off and makes these claims and pledges and promises without them being signed off". It is no way to do business. We need to get these things done properly. This needs to be done. I do not understand why it cannot be done if everyone supports it. It is beyond me, really, that we operate like this. That is the whole frustration about this Bill. Promises and pledges and articles to say that we are going to do this and we are going to do that—I am sick of hearing it. And then when they get the chance, they do absolutely nothing.

Lord Gascoigne (Con): My Lords, I thank all noble Lords for their contributions in this group. I thank my noble friends Lord Young and Lord Bailey of Paddington, and the noble Lord, Lord Truscott, for their amendments regarding forfeiture and service charge enforcement.

The upkeep and safety of buildings is paramount. Landlords, be they private companies or resident management companies, need an effective mechanism to recover unpaid debts, lest their costs fall to other leaseholders or to the detriment of the building's upkeep. It is important to consider resident management companies in particular, which often have very limited access to other funds to cover any shortfall in the service charge fund. Having a robust and efficient way to enforce unpaid charges is therefore critical to ensure the efficiency and solvency of these resident-led companies. Equally, there are other breaches—unauthorised alterations, anti-social behaviour and use of a property for immoral purposes—that can be difficult and even impossible to remediate. In such cases, forfeiture may be the only effective way of putting a stop to the breaching behaviour. While well-intended, we do not believe that the abolition of forfeiture without a suitable replacement would ultimately serve the best interests of leaseholders, and in particular resident management companies.

My noble friend asked about progress in drafting. I hope he appreciates—it is with respect that I say this—that I do not think I am able to comment on what may happen or where that is, simply because I do not know who will be lucky enough to serve in the Government and answer that question after the election.

I turn to the amendment tabled by the noble Lord, Lord Truscott. Unfortunately, we believe that this amendment does not achieve its stated aim of protecting leaseholders, crucially against forfeiture over non-payment of service charges. The Government recognise that those home owners who pay rentcharges face the threat of forfeiture. Part 7 of the Bill already removes the risk of forfeiture for unpaid arrears of income-supporting rentcharges, since the remedy is so disproportionate to the sums owed. The Bill also contains a robust package of protections for home owners who pay estate rentcharges.

I now move to the amendment tabled by the noble Baroness, Lady Pinnock. Noble Lords will be aware that the Government do not believe that it is appropriate that many leaseholders face unregulated ground rents for no clear service in return. The Government have already legislated to put an end to ground rents for most new residential properties in England and Wales through the Leasehold Reform (Ground Rent) Act 2022. We have also encouraged work led by the Competition and Markets Authority to investigate abuses of the system, such as the mis-sold doubling ground rent leases, securing commitments from freeholders to remove

[Lord Gascoigne]
these costly terms, benefitting more than 20,000 leaseholders. Given where we are in the parliamentary timetable, I hope noble Lords will understand that we cannot accept an amendment on complex new policy at this stage.

I turn to Amendments 51 and 52 in the name of my noble friend Lord Bailey. I fully agree that it is important to have effective enforcement measures in place. Amendment 51 seeks to retain criminal sanctions for failure to provide information to leaseholders in a timely manner. The existing measures, including the statutory offence under the existing Section 25 of the Landlord and Tenant Act 1985, have historically proven to be ineffective. Local housing authorities, as the enforcement body, were reluctant to bring prosecutions against landlords, and the cost and complexity of doing so were a significant barrier to leaseholders bringing a private prosecution. That is why we are replacing it with a more effective and proportionate proposal, set out in Clause 57.

Amendment 52 would require landlords to account to all leaseholders where costs were found to be unreasonable and would impose a two-month limit on repayments to leaseholders. It would introduce a power to enable the appropriate tribunal to award interest on any determination in favour of the leaseholder, where a leaseholder has made an application. While I agree that there must be a robust regime in place to challenge service charges, we do not think that this is the right approach.

Landlords may wish to compensate leaseholders by offering a credit against future service charges rather than returning money, and a leaseholder may prefer this. In addition, the Court of Appeal held in 2022 that a tribunal decision of the type to which my noble friend refers is a determination of whether the service charge is payable and not of whether it is due. Therefore, although the amendment is well-intentioned, it would not be possible to implement in the form drafted.

As I have said, I would have liked to go further, and indeed that was the intention, but we are in wash-up. With that, I hope my noble friend will withdraw his amendment.

Lord Young of Cookham (Con): I am grateful to my noble friend for responding to the debate and to all those who took part, particularly my noble friends Lord Bailey and Lord Moylan for supporting my amendment on forfeiture, as well as the noble Lord, Lord Kennedy. Interestingly, we have had a debate on protecting the interests of leaseholders wedged between a series of debates on protecting the interests of freeholders.

I was a little disappointed by my noble friend's reply, because Ministers have conceded that we have an inequity here. It is my view that, had we had a normal Report stage at the beginning of next month, the Government would have come forward with their own amendment to deal with what they conceded was an inequity. I was gently trying to find out what progress had been made with drafting a clause to deal with this, and whether sufficient progress had been made for a Private Member's Bill to be brought forward in the next Parliament. I understand that my noble friend can make no commitments about who will be at the Dispatch Box, but it would be in the general interest, given that there is unanimity that this is a bad law and should be repealed, if we could be told that good progress had been made in government and that legislation was available. Having grumbled about that, I beg leave to withdraw my amendment.

Amendment 44 withdrawn.

Amendment 45 not moved.

Schedule 10: Right to vary lease to replace rent with peppercorn rent

Amendments 46 to 48 not moved.

Amendment 49

Moved by ***Lord Moylan***

49: After Clause 51, insert the following new Clause—

"Right to manage: local housing authority Housing Revenue Account

(1) The Commonhold and Leasehold Reform Act 2002 is amended as follows.

(2) In paragraph 4(1) of Schedule 6 (premises excluded from right to manage), after "premises" insert "and the whole of the premises are held within the Housing Revenue Account of that local housing authority"."

Member's explanatory statement

This would allow the Right to Manage to be exercised where the landlord was a local housing authority but the premises were not held within that local housing authority's Housing Revenue Account.

Lord Moylan (Con): My Lords, this amendment relates to a very narrow point, which I will therefore try to deal with in summary form in the interests of time.

Before I do so, I will comment on Amendment 50, in the name of my noble friend Lord Bailey of Paddington. One of the most important things that we can do for leaseholders—I speak from experience—is promote the more widespread use of right to manage. This Bill goes some way in that direction but it could go further. I have no hesitation in supporting my noble friend in seeking to reduce the threshold to make this more accessible to leaseholders. It would remove many of their suspicions and anxieties—sometimes grounded and sometimes not—of abuse on the part of landlords if they could, as in my case we have, take responsibility for managing the building themselves and appoint managers who are accountable to them to scrutinise accounts and make all the important decisions.

Amendment 49 relates to an uncommon and peculiar situation whereby, in the case of a private block of flats that is acquired as an investment by a local authority—not one owned by a local authority for the purpose of social housing—the right to manage of those leaseholders is immediately extinguished because of the provisions of the Commonhold and Leasehold Reform Act 2002, which specifically exempts properties where the immediate landlord is a local housing authority. My amendment would remove that provision, except in cases where the property was held in the housing revenue account of that local authority. In other words,

the leaseholders of private blocks would retain the right to manage, which the Government would surely welcome.

I am grateful to my noble friend and to my noble friend Lady Scott of Bybrook for arranging a meeting with me a few days ago at which we discussed this. However, I was no clearer at the end of that meeting what the position is, so my narrow purpose with this amendment is to seek clarity.

6 pm

In Committee, my noble friend Lady Scott of Bybrook said that the Housing Act 1985, which created tenant management organisations for council estates, was available to the sort of person I am talking about—that is, private leaseholders in blocks of flats acquired by a local authority as an investment. However, at the meeting, one of her officials said that in fact that was not the case, because at least 20% of the tenants had to have secure tenancies—the type of tenancy granted by local authorities only to council tenants. Could I have a very simple response from my noble friend on the Front Bench, with absolute clarity and complete reliability? Is the Housing Act 1985 available to the class of persons I am talking about as a means of exercising the right to manage, or is it not? A very simple answer to that would dispose of this group very rapidly—or at least my part of this group, as of course there is the amendment in the name of my noble friend as well. I beg to move.

Lord Bailey of Paddington (Con): My Amendment 50 seeks to bring down the onerous 50% participation threshold to 35%, so that many more leaseholders can take back control of their homes, their money and their lives. As my noble friend Lord Moylan said, it would remove much of the suspicion around whether your freeholder is fleecing you, for want of a better word. I believe the Government support a revolution in the right to manage, so I will be interested in the comments from my noble friend the Minister as to why this cannot be supported. This would be a great step for people in many communities where buying property is a lifelong dream that they could then achieve. It leaves that footprint firmly in their community, and gives them more control of the investment they have actually made.

Lord Gascoigne (Con): I thank my noble friend Lord Moylan for Amendment 49 on the right to manage and local authorities. In taking forward this Bill, we have prioritised the most impactful of the Law Commission's recommendations on enfranchisement and the right to manage. That includes allowing more leaseholders in mixed-use buildings to collectively acquire the freehold of their building, or to exercise their right to manage their building, by increasing the non-residential limit from 25% to 50% non-residential floorspace. The Law Commission did not make any recommendations on local authority householders, but we recognise that the right to manage is not available to leaseholders with local authority landlords where there are no secure tenants in the block. We will continue to review changes to improve the right to manage. I hope that, following these reassurances, my noble friend will withdraw his amendment.

Lord Moylan (Con): If I may interrupt, I simply asked my noble friend for clarity. Is he now saying that the class of persons I referred to does not have access to the right to manage—he seems to have said those words—even by way of the Housing Act 1985, contrary to what was said in Committee, or would he maintain that that route is still available to them? Is it or is it not the Government's position that the Housing Act 1985 is available?

Lord Gascoigne (Con): As ever, I am grateful for the points my noble friend has made. I think it is as I have described previously: namely, that the Law Commission did not make any recommendations on local authority leaseholders. We recognise that the right to manage is not available for leaseholders with local authority landlords, where there are no secure tenants in the block. It is not available where there are only leaseholders.

I now turn to Amendment 50, tabled by my noble friend Lord Bailey of Paddington. We recognise that the participation requirement can cause difficulties if leaseholders cannot reach the threshold. But a participation requirement of one-half of the residential units is proportionate, ensuring that a minority of leaseholders are prevented from exercising the right to manage, which may be against the wishes of the majority of leaseholders in a building.

Reducing the participation requirement to 35% is disproportionate and could lead to undesirable outcomes, such as an increase in disputes. It would risk a situation where competing groups of minority leaseholders could make repeated claims against each other. The Government accept the Law Commission's recommendation to keep the participation threshold as it is. For these reasons, I ask that my noble friend does not press his amendment.

Lord Moylan (Con): My Lords, there is no better illustration of the sheer folly of trying to deal with this complex issue in wash-up. We have discussed a point that was raised and discussed in Committee, during which one answer was given by a Minister. It was discussed in a meeting at which officials were present. I have not tabled my amendments late; some of my amendments have been down for some time. It is a point that Minsters knew was likely to come up on Report, but they have not been able to give clarity.

There are two possible routes. Is one of them available? Is what the Minister said in Committee correct or not? I am still really no clearer about the whole subject unless I construe the Minister's words, as opposed to having them stated plainly for me. It is simply an illustration of why we should not be progressing this Bill in this fashion and in this way. With that comment, I beg leave to withdraw my amendment.

Amendment 49 withdrawn.

Amendment 50 not moved.

Clause 57: Enforcement of duties relating to service charges

Amendment 51 not moved.

Amendment 52 not moved.

Clause 61: Limits on rights of landlords to claim litigation costs from tenants

Amendment 53

Moved by ***Lord Moylan***

53: Clause 61, page 78, line 27, at end insert—

"(1A) Subsection (1) does not apply to non-profit or resident-led entities which have the right to enforce payment of a service charge.

(1B) Entities described in subsection (1A) include but are not limited to—

(a) a Resident Management Company, being a body corporate which is party to a lease of a building where—

(i) the members of that body are leaseholders, or

(ii) the majority of the shares of that body are held by leaseholders;

(b) a Right to Manage Company constituted under the Commonhold and Leasehold Reform Act 2002, and

(c) a landlord wholly owned by the tenants whether through a corporate structure or otherwise.

(1C) Subsection (1) does not apply to entities with repairing obligations to but no legal interest in a building.

(1D) Entities described in subsection (1C) include but are not limited to—

(a) managers appointed under Section 24 of the Landlord and Tenant Act 1987, and

(b) named managers appointed under the lease as being the party with managing and repairing obligations in relation to the building but separate from the landlord and with no legal interest in the land or building.

(1E) Where subsections 1A or 1C apply, section 20C of this Act continues to apply."

Member's explanatory statement

This would allow non-profit and/or resident-run lease operators and other entities with repairing obligations but no legal interest in the building to continue to recoup legal costs through the service charge in the first instance. The proposed Section (1E) introduces a protection for tenants by reinstating Section 20C of the Landlord and Tenant Act 1985.

Lord Moylan (Con): My Lords, this amendment relates to the question of the ability of right-to-manage companies and similar bodies to recover their legal costs. I made remarks in the debate on the first group which largely addressed this. This issue has also been raised by the right reverend Prelate the Bishop of Southwell.

I see no reason, given the pressure of time, to add further to my arguments or comments on this amendment. I will simply have to accept, with a degree of gratitude—I suppose I have to be fair—that Amendments 54 to 58 proposed by the Government go some modest way towards addressing my concern. We will leave ourselves in the hands of the Secretary of State and hope that, whoever that is, they will be kind to us—but who knows? I beg to move.

Lord Gascoigne (Con): My Lords, I thank my noble friend Lord Moylan for his amendment to Clause 61. The Government have laid Amendments 54 to 58, which will in part introduce a power to set regulations to suspend the requirement for certain landlords to apply to the relevant court or tribunal to recover their litigation costs until an event set out in regulations occurs.

This will mean that the Secretary of State or Welsh Ministers will have the power to allow certain landlords to demand money from leaseholders to fund litigation ahead of proceedings without the need to apply to the court or tribunal for permission to do so. Importantly, it would still require the same landlords to apply to the court or tribunal for their costs after "a specified event" in regulations occurs, ensuring that leaseholders are still protected.

The Government will work closely with stakeholders to ensure the application requirement is suspended only where appropriate. An example might be for resident-led buildings or assetless landlords. In addition, the power is subject to the affirmative procedure, meaning it will be scrutinised in both Houses. I hope this reassures my noble friend and that, on that basis, he will withdraw his amendment.

Lord Moylan (Con): My Lords, I beg leave to withdraw my amendment.

Amendment 53 withdrawn.

Amendments 54 to 58

Moved by ***Lord Gascoigne***

54: Clause 61, page 79, line 20, at end insert—

"(6A) See section 20CB for powers of the appropriate authority to provide for other exceptions to subsection (1)."

Member's explanatory statement

This amendment would signpost the new section 20CB.

55: Clause 61, page 80, line 30, at end insert—

"20CB Section 20CA: powers to provide for exceptions

(1) The appropriate authority may by regulations provide for circumstances in which—

(a) section 20CA(1) does not apply, or

(b) the effect of section 20CA(1) is to be suspended until an event of a specified description occurs.

(2) The circumstances may include, among other things, that—

(a) the litigation costs,

(b) the relevant proceedings, or

(c) the landlord,

are of a specified description.

(3) Where, by virtue of regulations under subsection (1)(b), the effect of section 20CA(1) is suspended until an event of a specified description occurs—

(a) section 20CA(1) does not have effect before the event, but

(b) section 20CA(1) does have effect on or after the event in relation to a variable service charge paid or payable before the event.

(4) Accordingly, if—

(a) a variable service charge was paid before the event, and

(b) the landlord's litigation costs were regarded as relevant costs to be taken into account in determining the amount of that charge until the event because the effect of section 20CA(1) was suspended,

the landlord may retain the amount of those costs after the event only if the relevant court or tribunal makes an order under section 20CA(2) in relation to that charge.

(5) In this section—

"litigation costs" ,

"relevant proceedings" and

"the relevant court or tribunal" have the same meaning as in section 20CA;

"specified" means specified in regulations under this section.

(6) Regulations under this section—

(a) are to be made by statutory instrument;

(b) may make provision generally or only in relation to specific cases;

(c) may make different provision for different purposes;

(d) may include supplementary, incidental, transitional or saving provision.

(7) A statutory instrument containing regulations under this section (whether alone or with other provision) is subject to the affirmative procedure."

Member's explanatory statement

This amendment would introduce a new section 20CB to allow the appropriate authority (subject to the affirmative procedure) to make further exceptions to new section 20CA(1), and to provide for the effect of new section 20CA(1) to be suspended in certain circumstances.

56: Clause 61, page 80, line 36, at end insert—

"(5A) In section 178(4) (orders and regulations), after "171" insert ", paragraph 5C of Schedule 11"."

Member's explanatory statement

This amendment would make regulations under the new paragraph 5C of Schedule 11 subject to the affirmative procedure.

57: Clause 61, page 81, line 28, at end insert—

"(5A) See paragraph 5C for powers of the appropriate national authority to provide for other exceptions to sub-paragraph (1)."

Member's explanatory statement

This amendment would signpost the new paragraph 5C.

58: Clause 61, page 82, line 38, at end insert—

"Paragraph 5B: powers to provide for exceptions

5C (1) The appropriate national authority may by regulations provide for circumstances in which—

(a) paragraph 5B(1) does not apply, or

(b) the effect of paragraph 5B(1) is to be suspended until an event of a specified description occurs.

(2) The circumstances may include, among other things, that—

(a) the litigation costs,

(b) the relevant proceedings, or

(c) the landlord,

are of a specified description.

(3) Where, by virtue of regulations under sub-paragraph (1)(b), the effect of paragraph 5B(1) is suspended until an event of a specified description occurs—

(a) paragraph 5B(1) does not have effect before the event, but

(b) paragraph 5B(1) does have effect on or after the event in relation to an administration charge paid or payable before the event.

(4) Accordingly, if an administration charge was paid before the event in respect of the landlord's litigation costs because the effect of paragraph 5B(1) was suspended, the landlord may retain the amount of that charge after the event only if the relevant court or tribunal makes an order under paragraph 5B(2) in relation to that charge.

(5) In this paragraph—

"litigation costs" ,

"relevant proceedings" and

"the relevant court or tribunal" have the same meaning as in paragraph 5B;

"specified" means specified in regulations under this paragraph."

Member's explanatory statement

This amendment would introduce a new paragraph 5C to allow the appropriate authority (subject to the affirmative procedure) to make further exceptions to new paragraph 5B(1), and to provide for the effect of new paragraph 5B(1) to be suspended in certain circumstances.

Amendments 54 to 58 agreed.

Clause 84: Enforcement of section 83

Amendment 59

Moved by ***Lord Gascoigne***

59: Clause 84, page 104, line 4, at end insert—

"(5) A statutory instrument containing regulations under this section is subject to the negative procedure."

Member's explanatory statement

This amendment would ensure that a statutory instrument containing regulations under clause 83 is subject to the negative procedure.

Amendment 59 agreed.

Clause 88: Notices of complaint

Amendment 60

Moved by ***Lord Gascoigne***

60: Clause 88, page 106, line 5, leave out "by the Secretary of State"

Member's explanatory statement

This amendment would correct an error, given that Welsh Ministers may approve a code of practice under section 87 of the LRHUDA 1993.

Amendment 60 agreed.

Clause 91: Criteria for determining whether to make appointment order

Amendment 61

Moved by ***Lord Gascoigne***

61: Clause 91, page 108, line 39, leave out "by the Secretary of State"

Member's explanatory statement

This amendment would correct an error, given that Welsh Ministers may approve a code of practice under section 87 of the LRHUDA 1993.

Amendment 61 agreed.

Amendment 62

Moved by ***Lord Young of Cookham***

62: After Clause 109, insert the following new Clause—

"Training and qualifications of property agents

(1) The Secretary of State may by regulations require that individuals undertaking the activities of a property agent in respect of—

(a) estate management of leasehold properties,

(b) sale of leasehold properties, and

(c) sale of freehold properties subject to estate management or service charges

must have, or be working toward, specific mandatory qualifications, as defined by regulations made under subsection (2), to demonstrate competency to undertake their property agency roles.

(2) Regulations under this section—

(a) are to be made by statutory instrument,

(b) may make provision generally or only in relation to specific cases,

(c) may make different provision for different purposes,

(d) may include supplementary, incidental, or transitional provision,

(e) may specify classes or types of employees who must be qualified and the appropriate qualification level for each such group,

(f) may specify syllabuses and testing methods for qualifications,

(g) may specify means of training provision and minimum training hours, and

(h) may approve providers for the provision of training and qualifications.

(3) A statutory instrument containing regulations under this section is subject to the negative procedure."

Lord Young of Cookham (Con): My Lords, I hear the bell ringing as we enter the last lap. This amendment is also in the names of the noble Lord, Lord Best, and the noble Baroness, Lady Hayter, neither of whom can be in their places at the moment. It deals with the regulation of property managing agents.

In 2017, the Government committed themselves to regulating property managing agents to,

"protect leaseholders and freeholders alike".

They then set up a working group, chaired by the noble Lord, Lord Best, which reported in 2019. In Committee, the noble Lord, Lord Best, introduced Amendment 94, which would have empowered the Secretary of State to establish an independent, statutory regulator of property agents who sell and manage leasehold property. It received widespread support from all sides of the House, but was a step too far for the Government.

The amendment before us this afternoon is in fact slightly weaker. It does not require the Government to set up that organisation; it simply requires mandatory qualifications of property managing agents. This is something that the Government have already done for the social housing sector, and it could quite easily be expanded to protect leaseholders and private tenants. I beg to move.

Lord Bailey of Paddington (Con): My Lords, I speak to my Amendment 67. When Parliament passed the Building Safety Act 2022, there was a major error within it. Anyone could be an accountable person except a manager appointed under Section 24 of the Landlord and Tenant Act 1987. Section 24 is a lifeline right for flat leaseholders with bad landlords, sky-high service charges and rundown buildings. Again, I return to my theme of control and the ability to remove a bad freeholder and a bad landlord—not a good one. Sadly, by barring Section 24 managers from being an accountable person, or at least from assuming that function, Section 24 is blown up.

Again, I just say that these are practical things that leaseholders will need. I believe that Labour colleagues also support this amendment. I would really like to hear from my noble friend the Minister why this cannot be done. It is a practical step, it does not seem to have any cost, and it would make a great deal of difference to the leaseholders involved.

Baroness Fox of Buckley (Non-Afl): My Lords, we are really close to the end. This is a very similar amendment to one that I proposed in Committee. In following on from what the noble Lord, Lord Moylan, said about the meeting with the Minister, I also had a meeting with the Minister half an hour before the election was announced, in which it was indicated that there was some interest by the Government in supporting this amendment. It is, of course, frustrating to be in this position in wash-up with regard to some of these details. For example, it was said only last week that, even if we were not going to get peppercorn ground rent, we might have had a very low £250 ground rent. We were all anticipating that Report would be a very positive and creative time to improve this Bill.

That was not to be the case; but for whoever takes on this brief in the future, the implication earlier today in some of the crosser exchanges was that nobody had thought about the implications of what this Bill was about. Many of us are bored of thinking of the implications and this issue has gone on for decades and decades and decades. Political parties of both sides have promised that they would resolve some of the anomalies associated with leasehold and move us on to commonhold. We are now in a situation where, through bad luck, we cannot have a full discussion on this particular Bill—it was inadequate anyway. At least we got it into wash-up, and I say simply that I found the department, the noble Baroness, Lady Scott, and the noble Lord, Lord Gascoigne, to be incredibly helpful.

6.15 pm

It has been really enjoyable to be on the same side as the Liberal Democrats, the Labour Party and many people in the Conservative Party who all want to resolve this question. I hold those who will become the new Government to account for making sure that we get over the blips of this particularly limited Bill and resolve it. Because this will be the last time I speak, I say an enormous thank you to the tenacity and resilience of the leaseholder campaigners who have really put a huge amount in. They are not official lobbyists; they are not professionals. They are ordinary British citizens who made that terrible mistake of buying a flat or a house, not realising what leasehold would really mean for them. In many instances, this was financial penury and a lack of control, accountability and autonomy over their lives. I hope that the amendment from the noble Lord, Lord Bailey, lives to see another day and that the accountable person issues will be sorted out. This will all be resolved by commonhold in the future—whoever brings it in.

Baroness Pinnock (LD): My Lords, we on these Benches totally support Amendments 62 and 63 in the name of the noble Lord, Lord Best, and moved and spoken to by the noble Lord, Lord Young of Cookham.

The most unfortunate part of doing this Bill in wash-up is that we have lost the opportunity to address some of the omissions in and failures of the Building Safety Act. Many leaseholders who are stuck in their properties with high and escalating insurance rates and service charges that are growing inexorably and still have a fire safety issue. These two will be issues that will I ensure are addressed by the next Government, whoever they are.

I thank those on the Front Bench for the helpful comments and the co-operation they have provided during this Bill. Most of us are of one mind: it is such a shame that this Bill is being lost without the changes that many of us would want to have put into it; but with that, I end my contribution for today.

Lord Kennedy of Southwark (Lab Co-op): My Lords, I will, very briefly, just add our support for Amendments 62, 63 and 67. The noble Lord, Lord Bailey, presents a way forward for addressing those issues as well. I wish we could be doing them, and I think it is disappointing we are not, but I will leave it there.

Lord Gascoigne (Con): I thank the noble Lord, Lord Best, the noble Baroness, Lady Hayter, and my noble friends Lord Bailey of Paddington and Lord Young for their amendments, and all who have spoken in the final group of this Bill.

I will start with the amendments regarding the regulation of property agents. I thank the noble Lord, Lord Best—I appreciate he is not here—for raising the issue with the Minister recently; I know that it is something which he is passionate about, and I hope that he continues to engage extensively with the noble Baroness, Lady Scott. The Government are committed to driving up professionalism and standards among property agents. Leaseholders deserve a good service for the money they pay, whether that is from from their landlord or their managing agent, where one is in place. Industry plays an important role in driving up standards, and we welcome the ongoing work it is undertaking to support this. This includes industry-backed qualifications, as well as the preparations of codes of practice. Furthermore, the measures in the Bill, alongside existing protections in place and work being undertaken by industry, seek to make managing agents more accountable to those who pay for their services. That includes making it easier for leaseholders to take on management of their buildings themselves, where they can directly appoint or replace agents. The measures above will, I believe, contribute substantially to that objective.

In addition, we need to consider the question of standards for all property agents in the round rather than in a piecemeal fashion. That was the original purpose behind the idea of a regulator for property agents. While I recognise the intentions and desired outcomes of these amendments, I do not consider that now is the right time to introduce them.

I turn to Amendment 67. I trust that your Lordships will understand that the Government cannot accept these proposed amendments. Defining a Section 24 manager as "an accountable person" would move financial and criminal liabilities away from the existing accountable person to the Section 24 manager. It was the intent of the Building Safety Act that financial and criminal responsibility for certain aspects of maintaining the building should always remain with the accountable person and accountable persons cannot delegate this responsibility to a third party. Given these assurances, I hope that the noble Lord will withdraw his amendment and that other noble Lords will not press their amendments.

Lord Young of Cookham (Con): My Lords, I am grateful to all those who took part in this decade. I want to pick up a point raised by my noble friend Lord Bailey when he moved his amendment to the Building Safety Act, a point also picked up by the noble Baroness, Lady Pinnock. Had this Bill proceeded in the normal way, there would have been a whole series of amendments to the Building Safety Act to deal with some of the problems mentioned by the noble Baroness but also to address the distinction between qualifying and non-qualifying leaseholders. I think there would have been a very good chance that we would have asked the other place to think again on a number of those issues—but that is for another day.

Yesterday, I think I had the last Oral Question and, unless something goes seriously wrong in another place, I may be the last speaker in this Parliament in this House. I take this opportunity to congratulate my noble friend Lord Gascoigne on the Front Bench. We have had a number of cricketing analogies about how he has coped with the googlies, but I prefer a footballing one. He is like the reserve goalkeeper who is summoned on to the pitch after full time and asked to save a large number of penalty kicks from some professional strikers. It is to his credit that he managed to tip most of the shots over the bar, although I think one or two may have got past him into the back of the net.

If the noble Baroness, Lady Scott, was watching his performance she will be well proud of what he did and, in thanking him, I also thank the noble Baroness, Lady Scott, whose patience I nearly exhausted with a number of meetings. On that basis, I beg leave to withdraw my amendment.

Amendment 62 withdrawn.

Amendment 63 not moved.

Clause 110: Interpretation of Part 6

Amendments 64 and 65

Moved by ***Lord Gascoigne***

64: Clause 110, page 124, leave out line 23 and insert—

"(c) a county council in England,

(ca) a district council,

(cb) a London borough council,

(cc) the Common Council of the City of London (in its capacity as a local authority),

(cd) the Council of the Isles of Scilly, or"

Member's explanatory statement

This amendment and the other Government amendment to this clause would replace the use of the defined term "local housing authority" (which is not used elsewhere in Part 6) with the specific authorities which are to be "enforcement authorities", and add county councils in England as enforcement authorities.

65: Clause 110, page 124, leave out lines 29 to 34

Member's explanatory statement

See the explanatory statement to the other Government amendment to this clause.

Amendments 64 and 65 agreed.

Clause 112: Regulation of remedies for arrears of rentcharges

Amendment 66 not moved.

Amendment 67 not moved.

Clause 123: Commencement

Amendment 68 not moved.

Amendment 69

Tabled by ***Lord Moylan***

69: Clause 123, page 135, line 32, at end insert—

"(2A) Section 36 comes into force at the end of the period of two months after the "applicable deferment rate(s)" and "applicable capitalisation rate(s)" defined in Schedule 4 have been prescribed in accordance with regulations made under that Schedule."

Member's explanatory statement

This amendment delays the entering into force of Clause 36 until two months after the applicable deferment rate(s) and applicable capitalisation rate(s) have been prescribed in regulations.

Lord Moylan (Con): My Lords, I think it was Bismarck who said that the public should never see how laws or sausages are made.

Amendment 69 not moved.

6.23 pm

Motion

Moved by ***Lord Gascoigne***

That the Bill be read a third time.

Baroness Williams of Trafford (Con): My Lords, I have it on command from His Majesty the King and His Royal Highness the Prince of Wales to acquaint the House that they, having been informed of the purport of the Leasehold and Freehold Reform Bill, have consented to place their interests, so far as they are affected by the Bill, at the disposal of Parliament for the purposes of the Bill.

I will also take this opportunity to notify the House of the Crown undertaking for the Bill. The Crown authorities have confirmed that the Crown would act by analogy with the Leasehold and Freehold Reform Bill and the statutes that the Bill amends, subject to specific specified conditions. The Crown authorities have also confirmed that the Crown would as landlord and subject to specified conditions agree to enfranchisement or extension of residential long leases under the same qualifications and terms to lessees who hold from other landlords, and the Crown will not sell or grant new leases of houses subject to specified circumstances.

If the House will bear with me, I must now relay the exact wording of the Crown undertaking before the House.

The full terms of the undertaking made by the Crown are as follows:

(1) The Crown as landlord, will, subject to the conditions described below, agree to the enfranchisement or extension of residential long leases or to the grant of new residential long leases under the same qualifications and terms which will apply by virtue of the Leasehold Reform Act 1967 and the Leasehold Reform, Housing and Urban Development Act 1993, to lessees who hold from other landlords.

(2) Enfranchisement will be refused where:

(a) property stands on land which is held inalienably; or where there are particular security considerations, on the advice of the appropriate security agency;

(b) where properties are in, or intimately connected with, the curtilage of historic Royal Parks and palaces; or

(c) where properties, or the areas in which they are situated, have a long historic or particular association with the Crown. The properties include old land revenue and the reverter properties and grace and favour properties. The areas include the off islands within the Isles of Scilly—which are St Agnes, Bryher, St Martin's and Tresco—and the garrison on St Mary's.

(3) Where enfranchisement is refused on the grounds set out in paragraph 2(a) but the tenant would otherwise qualify for enfranchisement, lease extension or the grant of a new lease by analogy within the statutes, the Crown will be prepared to negotiate new leases.

(4) Where enfranchisement is refused on the grounds set out in paragraphs 2(b) or (c) but the tenant would otherwise qualify for enfranchisement, lease extension or the grant of a new lease by analogy with the statutes, the Crown will be prepared to negotiate new leases for a term of 990 years at a peppercorn rent.

(5) Where a lease has been extended in the circumstances under paragraph 4, the Crown will be entitled to insert a "buy-back term", which gives the Crown the right to buy the whole or part of the extended leases, equivalent to that granted to the National Trust.

(6) The Duchies of Lancaster and Cornwall and the Crown Estate will publish their lease extension policies under the grounds set out in paragraphs 2(b) and (c). These policies will set out that each party is responsible for its own legal and valuation costs.

(8) The Crown will follow the valuation bases set out in the Leasehold Reform Act 1967 and the Leasehold Reform, Housing and Urban Development Act 1993. The Crown will agree to be bound by arbitration where there is dispute over valuation or other terms. The relevant tribunal will be empowered to act as the arbitration body, except in cases under paragraph 2, and will hear such disputes on voluntary reference.

(9) The Crown will not grant residential long leases of houses unless the property or the areas in which they are situated fall within one of the categories set out in paragraph 2(a), (b) or (c).

As this is probably my last outing of this Parliament at the Dispatch Box, I pay tribute to all noble Lords I have worked with in this House as Chief Whip,

particularly the noble Lords opposite—the noble Lords, Lord Kennedy and Lord Coaker. At this time, I also remember Lord Rosser, with whom I worked for many years. He was a very dear man, and I will remember him fondly. I also thank my noble friend the Lord Privy Seal, who is not in the Chamber, and my absolutely wonderful Front Bench, who work so hard. Whether or not we agree with each other in this House, I think we can agree that we all work so professionally and constructively together, and I could not do it without the brilliant Ministers and Whips that we are so fortunate to have.

Lord Gascoigne (Con): My Lords, I will first make a statement on the legislative consent process in relation to the Leasehold and Freehold Reform Bill.

The provisions in the Bill deliver a substantial package of reforms that will significantly increase leaseholders' rights as consumers and home owners. To deliver these benefits to all leaseholders across England and Wales, we have sought support for legislative consent from the Welsh Government. We have engaged extensively with Welsh Government officials throughout the preparation and passage of the Bill, and I pay tribute to them for their constructive engagement.

Unfortunately, given the exceptional circumstances and the shortened timeline of passage, regrettably, we must proceed without a legislative consent Motion from the Senedd. However, I take this opportunity to reassure noble Lords that these measures were well received by the Welsh Government, and it is unfortunate that we were not able to conclude our discussions. We remain committed to ensuring that the Bill operates effectively across England and Wales, and we will continue to engage closely with the Welsh Government during the Bill's implementation.

6.30 pm

Motion agreed.

Motion

Moved by ***Lord Gascoigne***

That the Bill do now pass.

Lord Gascoigne (Con): My Lords, in moving that the Bill do now pass, I recognise that we are now, finally, reaching the juddering climax of this Bill and this Parliament. As is only right and proper, there have been at times strongly held views about measures in the Bill. I am acutely aware that not everyone will be entirely satisfied with everything, but I remain encouraged and inspired by the passion that is felt across the House and by what has been evident yet again: the breadth, knowledge and experience of this House.

I am particularly grateful to all noble Lords across the House who have taken the time to engage directly with me and my noble friend Lady Scott of Bybrook. I thank both Opposition Benches for their sustained interest and engagement. In particular, I thank the noble Lords, Lord Truscott and Lord Best, the noble Baronesses, Lady Andrews, Lady Thornhill and Lady Fox of Buckley, the right reverend Prelate the Bishop of Manchester and the noble Earl, Lord Lytton. On our Benches, I thank my noble friends Lord Moylan, Lord Young of Cookham, Lord Bailey of Paddington and Lord Howard of Rising for their sustained engagement and helpful contributions during the debate. While we may not have been able to reach total agreement, I appreciate the concerns they are representing. Their careful examination of these measures has enabled the Government further to consider our policy and reinforce that our approach is correct. I am for ever grateful for their constructive scrutiny.

Speaking of my own Bench, I am sure it will not come as a surprise that today I feel a bit like Debbie McGee as there is one notable absence. I pay particular tribute to my noble friend Lady Scott. It has been a privilege to watch her work throughout the passage of the Bill and to work closely alongside her on much else. I am inspired by her impressive capacity to pick up technical issues and to work at pace and for her dedication to public service. My noble friend has done all of this and tolerated me with good humour.

I thank His Majesty's loyal Opposition and the Front Benches opposite. I thank the noble Baronesses, Lady Taylor of Stevenage and Lady Pinnock, and the noble Lords, Lord Khan of Burnley and Lord Kennedy of Southwark, for their constructive interest in and engagement with these measures. I have been grateful for their willingness to work with this side on any matters of disagreement. It is both the first time and the last time in this Parliament when I am speaking to the noble Lord, Lord Kennedy, across this Dispatch Box. I would like to say something specific about him, if I may. While this may not necessarily be career-enhancing for both of us, in all the exchanges outside this Chamber, both formal and otherwise, he has been characteristically robust while courteous, approachable and friendly. As the new kid on the block, it has been appreciated.

I conclude by mentioning all the expert and extraordinarily comprehensive work that has gone into this legislation by the Law Commission, the Bill team and the officials behind the Bill, many of whom have been working on this legislation for many years, not to mention the extraordinary amount of work I imagine they have done over the past 24 hours due to wash-up. I spoke to the Minister first thing this morning, and on behalf of the Minister and myself, I thank them for their tireless support and professionalism.

Finally, as this is my last time in this Parliament to speak at the Dispatch Box, I say that my family were not political at all, so being a Member of your Lordships' House alone is the honour of a lifetime, yet to be in His Majesty's Government and to have played a small part in this Parliament has been beyond a privilege. I am grateful to everyone who has helped and supported me over the recent months in this Chamber, across the House and beyond. With that, I beg to move.

Lord Kennedy of Southwark (Lab Co-op): My Lords, I thank the government team that worked on this Bill, particularly the noble Baroness, Lady Scott of Bybrook, and the noble Lord, Lord Gascoigne. I appreciate their generous remarks very much. I thank all the government officials for their work on the Bill, and noble Lords across the House who worked on it at every point. I thank the staff of the Opposition Whips' Office. I pay particular

tribute to my noble friends Lord Khan of Burnley and Lady Taylor of Stevenage. They took over doing the local government brief when I became the Opposition Chief Whip and did a far better job than I did. Sometimes I sit in my office in awe at how excellent they are—and how much better than I was.

I pay tribute to Lord Rosser and Lord McAvoy, who are missed by the whole House. They were always very kind to me when I arrived here. Lord McAvoy knew me for many years beforehand, and knew my mum very well as well; he always spoke very fondly of the time she was in the Members' Tea Room in the House of Commons.

I thank the Labour Front Bench and the Labour Whips. They have done a fantastic job, and it has been an absolute privilege to serve as part of the Labour Front Bench over the last 14 years, and as one of the Labour Whips. I was privileged to arrive in the House 14 years ago. I am a kid from a council estate in Elephant and Castle, and I never thought I would end up here. To get here was a great thing, but to be the Opposition Chief Whip is something I have been immensely proud of, and I have tried to do my best in the last three years.

I pay tribute to the noble Baroness, Lady Williams of Trafford. We have followed each other around the House—when she was the Local Government Minister, I was the same over here, and then I went to the Home Office, and now we are against each other—or working with each other—in the usual channels. It is an absolute pleasure working with her in the usual channels: sometimes we agree and sometimes we do not agree, but it is all done in good humour, and usually over some chocolate in the noble Baroness's office.

A noble Lord: Bribery!

Lord Kennedy of Southwark (Lab Co-op): Absolutely. We get on really well together, and I have always appreciated the way she deals with things. That is the best way for the House to work. At the end of the day, this House works by relying on the conventions, doing things properly and agreeing things properly.

Whoever forms the next Government—that will be decided by the people on 4 July—will have to deal with these big issues around leasehold. Whatever side of the House I am sitting on, whether on the Front Bench or the Back Bench, I will do my best to make sure that whatever the Government do, they deal with these issues properly.

It has been an absolute privilege to be here and to do the job of Opposition Chief Whip, and to come back today and do it for the last time. With that, I wish everyone a happy election—let us hope the best party wins.

Bill passed and returned to the Commons with amendments.

Post Office (Horizon System) Offences Bill

Message from the Commons

The Bill was returned from the Commons with the amendments agreed to.

Media Bill

Message from the Commons

The Bill was returned from the Commons with the amendments agreed to.

Holocaust Memorial Bill

Message from the Commons

A message was brought from the Commons that they have made the following Order:

That the following provisions shall apply in respect of the Holocaust Memorial Bill:

Suspension at end of this Parliament

(1) If proceedings on the Bill are not completed before the day on which this Session of Parliament ("the current Session") ends, further proceedings on the Bill shall be suspended from the day on which the current Session ends until the first Session of the next Parliament ("the first Session").

(2) If a Bill is presented in the first Session in the same terms as those in which the Bill stood when proceedings on it were suspended in the current Session—

(a) the Bill so presented shall be ordered to be printed and shall be deemed to have been read the first and second time;

(b) the Standing Orders and practice of the House applicable to the Bill, so far as complied with or dispensed with in the current Session or in the previous Session of Parliament shall be deemed to have been complied with or (as the case may be) dispensed with in the first Session;

(c) the Bill shall be dealt with in accordance with—

(i) paragraph 3, if the Bill was waiting to be considered when proceedings on it were suspended,

(ii) paragraph 4, if the Bill was waiting for third reading when proceedings on it were suspended, or

(iii) paragraph 5, if the Bill has been read the third time and sent to the House of Lords.

(3) If this paragraph applies—

(a) the Bill shall be deemed to have been reported from the Select Committee and from the Committee of the whole House, and

(b) the Bill shall be set down as an order of the day for consideration.

(4) If this paragraph applies—

(a) the Bill shall be deemed to have been reported from the Select Committee and from the Committee of the whole House and to have been considered, and

(b) the Bill shall be set down as an order of the day for third reading.

(5) If this paragraph applies, the Bill shall be deemed to have passed through all its stages in this House.

Other

That these Orders be Standing Orders of the House.

6.38 pm

Sitting suspended.

Leasehold and Freehold Reform Bill

Message from the Commons

7.40 pm

The Bill was returned from the Commons agreed to.

7.41 pm

Sitting suspended.

Royal Commission

8.15 pm

The Lords Commissioners were: Lord True, Lord McFall of Alcluith, Lord Laming, Lord Dholakia and Baroness Smith of Basildon.

The Lord Privy Seal (Lord True) (Con): My Lords, it not being convenient for His Majesty personally to be present here this day, he has been pleased to cause a Commission under the Great Seal to be prepared for proroguing this present Parliament.

When the Commons were present at the Bar, the Lord Privy Seal continued:

My Lords and Members of the House of Commons, His Majesty, not thinking fit personally to be present here at this time, has been pleased to cause a Commission to be issued under the Great Seal, and thereby given His Royal Assent to divers Acts, which have been agreed upon by both Houses of Parliament, the Titles whereof are particularly mentioned, and by the said Commission has commanded us to declare and notify His Royal Assent to the said several Acts, in the presence of you the Lords and Commons assembled for that purpose; and has also assigned to us and other Lords directed full power and authority in His Majesty's name to prorogue this present Parliament. Which commission you will now hear read.

A Commission for Royal Assent and Prorogation was read:

Charles The Third, by the Grace of God of the United Kingdom of the United Kingdom of Great Britain and Northern Ireland and of Our other Realms and Territories King, Head of the Commonwealth, Defender of the Faith, To Our right trusty and right well-beloved the Lords Spiritual and Temporal and to Our trusty and well-beloved the Knights Citizens and Burgesses of the House of Commons in this present Parliament assembled, Greeting:

Forasmuch as in Our said Parliament divers Acts have been agreed upon by you Our loving Subjects the Lords Spiritual and Temporal and the Commons, the short Titles of which are set forth in the Schedule hereto but the said Acts are not of force and effect in the Law without Our Royal Assent and forasmuch as We cannot at this time be present in the Higher House of Our said Parliament being the accustomed place for giving Our Royal Assent to such Acts as have been agreed upon by you Our said Subjects the Lords and Commons We have therefore caused these Our Letters Patent to be made and have signed them and by them do give Our Royal Assent to the said Acts Willing that the said Acts shall be of the same strength force and effect as if We had been personally present in the said Higher House and had publicly and in the presence of you all assented to the same commanding also Our well-beloved and faithful Counsellor Alexander John Gervase Chalk Chancellor of Great Britain to seal these Our Letters with the Great Seal of Our Realm and also commanding The Most Reverend Father in God Our faithful Counsellor Justin Portal Archbishop of Canterbury Primate of All England and Metropolitan Our well-beloved and faithful Counsellors

Alexander John Gervase Chalk Chancellor of Great Britain,

John Francis Lord McFall of Alcluith Lord Speaker

Nicholas Edward Lord True Lord Privy Seal

Navnit Lord Dholakia

William Herbert Lord Laming

Angela Evans Baroness Smith of Basildon

or any three or more of them to declare this Our Royal Assent in the said Higher House in the presence of you the said Lords and Commons and the Clerk of Our Parliaments to endorse the said Acts in Our name as is requisite and to record these Our Letters Patent and the said Acts in manner accustomed and We do declare that after this Our Royal Assent given and declared as is aforesaid then and immediately the said Acts shall be taken and accepted as good and perfect Acts of Parliament and be put in due execution accordingly.

And whereas Queen Elizabeth The Second did lately for divers difficult and pressing affairs concerning Us the State and defence of Our United Kingdom and Church ordain this Our present Parliament to begin and be holden at Our City of Westminster the seventeenth day of December in the sixty-eighth year of Her Reign on which day Our said Parliament was begun and holden and is there now holden Know Ye that for certain pressing causes and considerations Us especially moving We have thought fit to prorogue Our said Parliament.

We therefore confiding very much in the fidelity prudence and circumspection of you Our Commissioners aforesaid have by the advice and consent of Our Council assigned you Our Commissioners giving to you or any three or more of you by virtue of these Presents full power and authority in Our name to prorogue and continue Our present Parliament at Our City of Westminster aforesaid on a day no earlier than Friday the twenty-fourth day of May and no later than Tuesday the twenty-eighth day of May until and unto Friday the thirty-first day of May there then to be holden and we command you that you diligently attend the premises and effectually fulfil them in manner aforesaid We also strictly command all and singular Our Archbishops Bishops Lords Baronets Knights Citizens and Burgesses and all others whom it concerns to meet at Our said Parliament by virtue of these Presents that they observe obey and assist you in executing the premises as they ought to do In Witness whereof We have caused these Our Letters to be made Patent witness Ourself at Westminster the twenty-fourth day of May in the second year of Our Reign By The King Himself signed with His own Hand.

The Lord Privy Seal continued:

My Lords, in obedience to His Majesty's Commands, and by virtue of the Commission which has now been read, We do declare and notify to you, the Lords

Spiritual and Temporal and Commons in Parliament assembled, that His Majesty has given His Royal Assent to the Acts in the Commission mentioned; and the Clerks are required to pass the same in the usual Form and Words.

Royal Assent

8.32 pm

The following Acts were given Royal Assent:

Finance (No. 2) Act,
Digital Markets, Competition and Consumers Act,
Post Office (Horizon System) Offences Act,
Media Act,
Pet Abduction Act,
Paternity Leave (Bereavement) Act,
Building Societies Act 1986 (Amendment) Act,
British Nationality (Irish Citizens) Act,
Zoological Society of London (Leases) Act,
Victims and Prisoners Act,
Leasehold and Freehold Reform Act.

Prorogation: His Majesty's Speech

8.35 pm

His Majesty's most gracious Speech was then delivered to both Houses of Parliament by the Lord Privy Seal in pursuance of His Majesty's Command, as follows.

My Lords and Members of the House of Commons, the focus of my Government has been to deliver its plan to increase economic growth and safeguard the health and security of the people of the United Kingdom.

My Government has taken action to lay the foundations for long term economic growth, to ensure that work always pays, and to support the British people with the cost of living. My Ministers have met their commitment to halve inflation, which is now at its lowest rate since September 2021.

My Government has delivered tax cuts for millions of working people, with National Insurance contributions for employees cut by four percentage points, saving a typical employee over £900 a year. National Insurance contributions for the self-employed have also been cut by three percentage points and the requirement to pay contributions on lower levels of profit has been removed. Legislation has been passed to raise the income threshold for the high-income child benefit charge and halve the rate at which child benefit is withdrawn. This will help parents towards the cost of raising their children. My Government has also rolled out the first phase of expansion of childcare in England to hundreds of thousands of parents.

Through my Government's direction, the United Kingdom has continued to be at the forefront of technology and innovation. New laws have fostered innovation in British broadcasting to reflect changing viewing patterns and growing demand for high quality online content.

Tax legislation enacted this session has incentivised investment and enhanced support to make it safer and easier for small and medium sized businesses to focus on innovation.

As more businesses shift to digital marketplaces, my Ministers have worked to ensure that new legislation promotes competition, while securing better value for money for consumers and protecting them from unfair practices.

Legal frameworks have been updated to ensure that Great Britain can safely capture the opportunities for economic growth presented by the evolving technology of automated vehicles.

My Ministers have championed British goods and innovation. The United Kingdom is now the world's fourth largest global exporter while maintaining high standards in trade. Laws were passed to end the export of livestock from Great Britain for fattening or slaughter. Legislation was passed to support the United Kingdom's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. This will remove tariffs from ninety-nine per cent of British products exported to a trading bloc worth 15 per cent of global GDP following this accession.

My Government has taken advantage of the freedoms afforded by the United Kingdom's departure from the European Union to reduce burdens on business. The Smarter Regulation Programme has introduced reforms removing up to 50 million hours of administrative work per year for businesses, saving them an estimated £1 billion annually. Legislation was previously passed to remove the principle of supremacy of European Union law and over two thousand instruments of European Union law have been reformed or removed from the statute book.

To enable the NHS in England to carry out more operations and procedures, my Government has delivered 101 surgical hubs, community diagnostic centres operating from 160 sites, and more doctors and nurses.

Legislation passed this session has made it cheaper and easier for leaseholders to purchase their freehold and addressed the exploitation of homeowners through punitive service charges.

My Ministers have taken action to deliver justice for victims and keep communities safe from crime, anti-social behaviour, and terrorism. The victims of the infected blood and Post Office Horizon scandals have suffered decades-long injustices. My Government has legislated to ensure that they are compensated fairly and treated with respect.

The Victims' Code has been put on a statutory footing and the parole process has been reformed to put the interests of victims first. Laws passed this session will ensure that a parent who kills the other parent has their parental responsibility suspended.

My Government has taken measures to disrupt the business model of people smugglers and deter dangerous and illegal journeys to the United Kingdom. Legislation has been delivered to underpin the partnership with Rwanda to tackle small boat crossings.

My Ministers have ensured that intelligence and law enforcement agencies have the powers they need to keep pace with a new generation of threats to national security.

Legislation enacted this session will allow for the regulation of pedicabs in London. This will provide passengers with the confidence that they are in a safe, licensed and roadworthy vehicle and that they will not be overcharged.

New laws strengthening the sanctions regime have limited the role that sanctioned individuals can play in UK businesses and extended the use of immigration sanctions while stopping the exploitation of financial markets.

The United Kingdom continues to play a leading role in defending freedom across the world, including when ideological extremes and technological advances are weaponised to foster division. My Government has committed to increase defence spending to 2.5 per cent of GDP by 2030 and to ensure our gallant Armed Forces are equipped for the challenges they face. In an age of great change, my Ministers remain united by a steadfast belief that the United Kingdom and her allies are strongest when governed by values of freedom and fairness. Standing shoulder to shoulder with the United Kingdom's allies, my Government has increased its diplomatic and military engagement in the Middle East to encourage de-escalation, deliver humanitarian aid to those in need, protect freedom of navigation and build momentum towards a lasting peace. My Government has consistently provided essential defensive military assistance to support Ukraine.

The United Kingdom has led global efforts on the safety of Artificial Intelligence, hosting the world's first Safety Summit last year at Bletchley and launching the United Kingdom Artificial Intelligence Safety Institute—the first of its kind. At the Artificial Intelligence Seoul Summit this week my Government reached a new agreement between ten countries and the European Union to work together to launch an international network to accelerate the advancement of the science of Artificial Intelligence safety.

The Queen and I were pleased to welcome His Excellency the President of the Republic of Korea and Mrs Kim Keon Hee for a State Visit last November.

My Ministers have consistently promoted the strength of the Union, including through action to support the restoration of the Executive in Northern Ireland.

Members of the House of Commons, I thank you for the provisions which you have made for the work and dignity of the Crown and for the public services.

My Lords and Members of the House of Commons, I pray that the blessing of Almighty God may rest upon your counsels.

The Lord Privy Seal (Lord True) (Con): My Lords and Members of the House of Commons, by virtue of His Majesty's Commission which has now been read, we do, in His Majesty's name, and in obedience to His Majesty's Commands, prorogue this Parliament to the 31st day of May, to be then there holden, and this Parliament is accordingly prorogued to Friday, the 31st day of May.

Parliament was prorogued at 8.46 pm.