PREM 19/1268

PART 4

C

CONFIDENTIAL FILING

Housing Policy

Housing Bill

HOUSING

PART 1: MAY 1979

PART 4: JAN 1983

PREM 19/1268

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~26.1.83~~		~~19.3.84~~					
~~31.1.83~~		~~21.3.84.~~					
~~4.2.83~~		~~30.4.84~~					
~~27.2.83~~		~~5.6.84~~					
~~30.3.83~~		~~6.6.84~~					
~~13.4.83~~		~~21.6.84~~					
~~14.4.83~~		~~3.7.84~~					
~~27.4.83~~		~~26.7.84~~					
~~28.4.83~~		~~3.8.84~~					
~~6.7.83~~		~~1/8/84~~					
~~13.10.83~~		~~23.8.84~~					
~~24.11.83~~		~~4.9.84~~					
~~1.12.83~~		~~2.10.84~~					
~~7.12.83~~		~~15.10.84~~					
~~10.1.84~~		16.10.84					
~~23/1/84~~		~~19.11.84~~					
~~30.1.84~~		~~12.12.84~~					
~~6.2.84~~		21.12.84					
~~8.2.84~~							

PART ENDS

PART 4 ends:-

RTA to FELB (A084/3399) 18/12/84

PART 5 begins:-

Environment to DB 2/1/85

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
E(DL)(84) 4	24/09/1984
CC(83) 14th Meeting, item 1	28/04/1983
H(83) 11th Meeting, only item	12/04/1983
H(83) 21	30/03/1983
H(83) 2nd Meeting, item 2	31/01/1983
H(83) 4	25/01/1983

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed J. Gray Date 20/9/2013

PREM Records Team

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

Circular 15/84 from the Department of the Environment: Land for Housing, published by HMSO 1984.
ISBN 0 11 751739 9

Signed J. Gray Date 20/9/2013

PREM Records Team

10 DOWNING STREET

From the Private Secretary

MR RICHARD HATFIELD

Sir Robert Armstrong minuted Robin Butler on 18 December about the Review of Housing Policy. This is simply to record that Mr Redwood has nominated Mr Christopher Monckton to serve on Mr Gregson's group.

Tim Flesher

21 December 1984

CONFIDENTIAL

Ref. A084/3399

MR BUTLER

Review of Housing Policy

Thank you for your minute of 26 November.

2. I attach a copy of a minute which I have now sent to the Secretary of State for the Environment, with copies to other Ministers concerned.

3. I should be grateful if you would nominate a member of the Policy Unit to serve on Mr Gregson's group.

RCA

ROBERT ARMSTRONG

18 December 1984

CONFIDENTIAL

70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A084/3389

SECRETARY OF STATE FOR THE ENVIRONMENT

Review of Housing Policy

You will remember that at the meeting of the Cabinet on 8 November 1984 the Prime Minister, summing up the discussion of housing expenditure, said

> "The Cabinet's discussion had revealed a number of unsatisfactory features in present housing policy, which should be reviewed. she would give thought to how this might best be arranged."

2. The Prime Minister has decided that in the first instance this review of housing policy should be undertaken by an informal group of senior officials from the housing departments, the Treasury, the Department of Health and Social Security, the Office of the Minister without Portfolio, and the Policy Unit at 10 Downing Street, under Cabinet Office chairmanship, and has asked me to make arrangements accordingly.

3. I am asking Mr P L Gregson to chair the group, and I should be grateful if you and each of the other Ministers to whom I am sending copies of this minute would, by 31 December 1984, nominate a senior official to serve as a member.

4. The Prime Minister has asked that the group should report to Ministers by 31 March 1985. She envisages that the report would be considered in the first instance by a group of the Ministers directly concerned under her chairmanship.

5. I am sending copies of this minute to the Chancellor of the Exchequer, the Secretaries of State for Scotland, Wales and Social Services, and the Minister without Portfolio.

ROBERT ARMSTRONG

18 December 1984

HOUSING : Policy : Pt 4

JR

10 DOWNING STREET

17 December 1984

From the Private Secretary

HOUSING BENEFIT AMENDMENT REGULATIONS

The Prime Minister has now seen your Secretary of State's minute of 13 December on the procedure he intends to take to put into effect the above regulations. Mrs. Thatcher was content with the line your Secretary of State proposes.

(TIM FLESHER)

Steve Godber, Esq.,
Department of Health and Social Security

CONFIDENTIAL

Rile

881

CC AT

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

Review of Housing Policy

The Prime Minister agreed with you today that Mr Gregson should be asked to take the lead in the group to review housing policy, following the Cabinet's discussion on public expenditure.

14 December 1984

cc DOD

Pre Munster:

This will cause a row, but is clearly unavoidable and right. Agree?

PRIME MINISTER

HOUSING BENEFIT AMENDMENT REGULATIONS

Colleagues agreed in October (H(84)20th meeting) that urgent amendments should be made to the Housing Benefit Regulations to block a loophole in the regulations which allows benefit to be paid to people living with their families. I announced my intention to act urgently at the beginning of November. I am required by statute to consult with the Local Authority Associations and the Social Security Advisory Committee on the draft amendments. Those consultations - which were done on a truncated timetable - ended yesterday and the regulations are ready to be made and laid before the House next week.

Although the loophole came to light in the context of the miner's strike, it applies generally and means that anyone on a low income can benefit for payments of board and lodging made to their parents. It is now being promoted not only by the NUM but also by other pressure groups. The number of claims being made is therefore increasing rapidly and, since claims can in exceptional circumstances be backdated for up to a year, the benefit cost is also escalating. We estimate that it could already by some £200,000 a week. This adds to the urgency of laying the Regulations - and bringing them into effect - before the Recess. Delay would almost certainly add substantially to the number of admissible claims.

The involvement of the NUM in promulgating knowledge of the loophole means that its ending will inevitably be controversial. Local authorities are already making payments to several thousand single strikers. Nonetheless, I think we would be quite wrong, and open to criticism, if we did not act to end what is an abuse of the intentions of the Housing Benefit scheme. Moreover, we have made quite clear since the beginning of November that we intended to do

so as soon as possible.

I think this all points to proceeding now, despite the imminence of the recess. Unless you or colleagues advise otherwise, I shall therefore introduce the Regulations as early as possible next week, to come into effect the next day.

I am copying this minute to the Lord President, the Lord Privy Seal, the Chief Whip and the Secretary of State for Energy.

13 December 1984

N F

10 DOWNING STREET

Note

Ispoke to John Ballard about how N Jenkin would achieve the higher figure for council house sales agreed in PES

(i) The higher figure was based on the top end of the ranged estimates.

(ii) No new measures are currently being worked on

(iii) There is a fear that reducing the proportion of receipts that councils may keep will reduce incentive to sell

AT
12/12

10 DOWNING STREET

From the Private Secretary

Prime Minister (2)

The position on the private rented sector is complicated. Mr Jenkins original proposals were rejected because the costs via Housing Benefit would be too great. DoE have been looking at alternatives but this work has ground to a halt as they feel further development of proposals must wait upon the outcome of the HB Review. John Redwood does not agree that HB costs will be excessive and hence believes work can go ahead. I have suggested to John and Ian Gow that they get together to argue this out.

Until that is done I do not think we should involve Lord Whitelaw in setting deadlines for H Committee.

AT

30/11

I am seeing Ian Gow next week: increasing the supply of something does not usually raise its price.

JR.

Prime Minister

(2) To glance at if you have time: otherwise for the weekend box.

AT 27/11

PRIME MINISTER 27 November 1984

HOUSING POLICY

Following our discussion on Monday, I set out below the main issues, options and state of play.

Private Rented Sector

H is expecting new proposals. The Committee wanted a bold deregulatory set of proposals which would affect all new lettings, whether of single rooms or of complete houses or flats, to replace the current mish-mash of business, holiday and illegal lets which are the only signs of life in an otherwise dead rented market.

Patrick's proposals last summer were not proper deregulation. They would have failed to increase accommodation enough and increased Housing Benefit costs, because they would have higgled the market with more restrictions. Proper Property deregulation would bring a big increase in the supply of rented accommodation, which would serve to lower the costs in the new lettings market - where prices are high, reflecting the scarcity.

Particular problems with Patrick's proposals were:

a. An extension of lifetime security of tenure for all new lettings: this would have further regulated the one partially deregulated sector of business and holiday

lets. Most landlords would have been terrified by the thought of continuing lifetime security.

b. **All the new tenancies were to have a link with fair rents.** There needs to be a sector of the market where the rents are settled by free bargain between landlord and tenant.

c. **A lot of Patrick's proposals were spent "dealing" with loopholes.** He was trying to prevent some of the more expensive fancy lets at the top end of the market, and in consequence produced more regulation.

A possible model for a deregulated private rented sector would be:

1. **Keep in being the existing rent rules and legislation on existing protected tenancies,** so that no vested interests are trampled underfoot.

2. **All new tenancies in the private rented sector would be treated like any other contract,** enforceable through the normal courts of law. The contract between landlord and tenant should specify the term of the lease and the rental payments and provision for rent reviews. There could be a clause that the calling of a General Election could also be a suitable point to terminate a tenancy, in view of the likelihood of any

future Government of a different persuasion wanting to stifle the rented sector again. (Annex A shows how "safehold" tenure could work.)

We should remember that what we are trying to do is to create a private rented market of reasonably-priced accommodation for people who will often not want to stay for more than 2 or 3 years. It is a market of particular importance in the big cities to students and young people leaving home for the first time, and wanting reasonable accommodation that they can afford from their first job. At the moment, we only have a private rented sector in London functioning at all well for the rich employees of foreign embassies and multinational companies.

Not more tax subsidies surely?

You could also consider an exemption of a certain amount of rental income for letting a room in a person's own prime residence from all tax and tax return complications. If, say, up to £60 a week of income from letting was entirely tax-free, you might get a flood of new people prepared to let out rooms in their houses who are deterred by the combination of existing rent legislation and tax complications. Treasury would have to work out how much could be afforded: they suggest a maximum of £20 million a year deadweight lost.

If we hit upon proposals that do genuinely increase the supply of rented accommodation, the price will fall. This

will tend to lower rather than increase Housing Benefit expenditures.

Disposal of Empty Properties and Land

E(DL) has now considered the need to dispose of more land from the public sector, much of which will be suitable for housing development. John Moore has written a good paper on this subject, and his officials should now be following it up. In particular, DoE have to use the powers and the information on the Land Registers which they already have, to see that it happens.

Empty houses in council ownership are now also in their sights. There are several options for dealing with these:

1. Auctions of separate houses to the best bidders, who will then renovate them and may live in them or sell them on to others.

2. Offering them on attractive terms to people prepared to do them up and live in them themselves under homesteading schemes.

3. Sale of whole terraces or streets of houses to developers who can restore them as a whole, if necessary converting them into other types of unit.

Council House Building

Building fewer council houses becomes more feasible if the other policies are working. However, there still is a need for sheltered housing for the elderly, and more resources within a much reduced programme should be diverted to this end. This will then free family housing for other people to use.

Housing Improvement

As a result of the recent public expenditure reductions, the Housing Improvement Grant system has to be brought under some financial control following its explosive growth in the last 5 years.

Nonetheless, there remain many houses that need a lot of work on them to improve their condition, and there remain many people without access to the funds, or the skills, to be able to do the houses up.

A new Housing Improvement system needs:

a. to harness the energies of those who can do things themselves, to lower the cost of the work;

b. to avoid being over-regulatory so that high-cost work is done in the wrong way;

c. to make sure that a large number of houses still benefit from this kind of treatment.

A possible way out is a scheme of Christopher Monckton's for Housing Improvement Loans. Under this scheme, an individual would apply for the money and be granted an interest-free loan which would only be repayable when the house is sold. If loans replaced grants, between £200m and £500m a year of public spending could be saved when the scheme matures.

It should also be possible for people to apply for money for the purchase of materials to do things themselves.

Alternatively, rationing, perhaps linked to incomes, or by reducing the number of qualifying purposes for which a grant can be made, has to be brought in. Both these solutions seem less desirable.

Encouraging the Private Sector

Many of the housing problems that we experience can be solved by private sector effort as well as council effort. Some examples:

1. Home improvements. Building society and bank advances are a suitable mechanism for many for making improvements and renovations to their home.

2. Changing patterns of housing requirements during a person's life cycle. There are now schemes whereby an individual whose family has left home, who needs an income for retirement and a smaller property, can now sell his large house and with the proceeds buy a smaller property, perhaps with a warden and suitable services provided, and receive an income for life. Alternatively, he can carry on living in his old home, but sell it to an institution which will grant back the use of the property for his lifetime, plus a pension. At the other end of the market, there are now small starter homes within the range of many young couples, which can be extended quite easily as they gain more resources.

3. Builders need a ready supply of building land. That is why the auction of public land, particularly in inner urban areas, is of vital importance in lowering the price of development land, thereby helping to lower the price for all. Expediting planning is also vital.

4. Building societies' experimentation with different types of mortgage. There is now an impressive range of different types of mortgage from endowment and repayment through to index-linked, low-start and equity sharing. Some of the low-start schemes do need better marketing, but are important breakthroughs in making housing accessible to more people.

5. Council house sales. More impetus is meant to be given to the sales programme. Above all, we should spell out again the commonsense arithmetic of buying your own home, compared with living in rented accommodation in perpetuity - particularly where some of the new mortgage schemes lower the initial cost so dramatically. We also need to tackle the high sale price of some unattractive flats (only 20,000 of the 750,000 sales so far have been flats) and the problem of the high cost of keeping low income families in rented accommodation in perpetuity. 30 per cent of all present council tenants, according to DoE figures, will be unable to afford to buy under present policies.

The Building Societies Green Paper will be important in opening up the possibility of a comprehensive service for the home buyer, and in encouraging further competition in the housing market.

Conclusion

A great deal of work and thought has gone into all these different aspects of housing policy. A possible way of chasing them up would be:

1. Persuade Willie to set some deadlines for H to receive proposals for a deregulated private rented sector. The

Policy Unit could help Ian Gow write the paper if his own officials find it difficult.

2. Housing Improvement Grants has to come back soon following the MISC 106 cuts. Christopher Monckton is working with Ian Gow on possible schemes. There is a draft consultation document due for publication shortly.

3. Council houses sales programme: DoE are meant to be working on this. You could send a letter asking them to lay out their proposals and achievement for you.

4. Public wasteland: E(DL) has considered this matter, and has endorsed the policy. Treasury should be encouraged to keep it under constant review.

5. Presentation: DoE should produce a package of the key facts and the best schemes that need selling to the public, and these should be pumped out through the usual channels. David Young could help in selling this.

JOHN REDWOOD

SAFEHOLD TENURE : AN OUTLINE

The problem: The private rented sector is declining because potential landlords are deterred by Labour's "fair" rent and security-of-tenure laws, notably the Rent Act 1974. Yet a healthy private sector is essential a) to keep rents down; b) to help students and young, single people; c) to increase labour mobility; d) to make the best possible use of the housing stock. However, Labour has ideological objections to the existence of the private rented sector and will oppose almost any reform designed to free the market.

One solution: Overcome all reasonable objections to a healthy private rented sector by Safehold tenure:

A) Leave all existing tenancies alone. For all new tenancies, use a standard form of lease (~~draft by John Pugh-Smith, editor of the standard textbook on landlord and tenant law, attached~~) which gives landlord and tenant the freedom to negotiate the term of the tenancy and the amount of rent.

b) Write in the lease the choice of three kinds of tenancy:

1) **life tenancy,** with right of succession for one or more named successors;

2) **fixed-term tenancy,** for a specified period of any agreed length from a week to several years;

3) **rolling tenancy,** by which, at a specified interval before the end of the term, landlord and tenant may meet to agree the extension of the tenancy by an agreed period, a process which could be repeated as frequently as both parties desired.

In all three types, the landlord would have immediate right of repossession either at the end of the specified term or earlier on breach of the usual conditions by the tenant.

Also, the price index or other method of calculating rent reviews would be specified in the lease, to avoid subsequent exploitation of one party by the other.

Stringent provisions against harassment of one party by the other would be written into the lease and enforced by law.

These provisions would ensure fairness, prevent Rachmanism and make the private rented sector acceptable to all but those with an ideological objection to it. The Labour Party would initially promise repeal but, once the system had been seen to be fair, the objection would be withdrawn. The public expenditure implications would be minimal in the short run: in the long, savings could be expected from more efficient use of the housing stock.

CM, 27 Nov 84

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

REVIEW OF HOUSING POLICY

The Prime Minister was grateful for your minute of 23 November containing proposals for the way in which the review of housing policy might be carried out.

The Prime Minister is inclined to approach this question on a less formal basis than that proposed in your minute. She does not think that a special MISC group or unit is needed at present. She would prefer that there was an informal arrangement under which the housing departments, DHSS, the Policy Unit and the Office of the Minister without Portfolio should get together to determine the main lines of policy. The Treasury would no doubt also wish to be involved at this stage.

26 November 1984

Haringtons

1984

SAFEHOLD

DRAFT SPECIMEN AGREEMENT
(PRESCRIBED FORM)

CM/JPS

~ SAFEHOLD ~

DRAFT SPECIMEN AGREEMENT

(PRESCRIBED FORM)

DATE 19

1. PARTIES: (1) The Landlord:

(2) The Tenant:

2. PROPERTY: That set out in Appendix One hereto.

3. TENURE: That set out in Part I of Appendix Two hereto.

4. TERM: That set out in Part II of Appendix Two hereto.

5. RENT: That set out in Appendix Three hereto.

6. TENANT'S BASIC OBLIGATIONS:

[e.g.]

(a) Pay the Rent at the times and in the manner specified

(b) Pay for all gas and electric light and power which shall be consumed or supplied on or to the Property during the tenancy and the amount of the water rate charged in respect of the Property during the tenancy and the amount of

all charges made for the use of the telephone (if any) on the Property during the tenancy or a proper proportion of the amount of the rental or other recurring charges to be assessed according to the duration of the tenancy

(c) Not damage or injure the Property or make any alteration in or addition to it

(d) Preserve the Fixtures Furniture and Effects from being destroyed or damaged and not remove any of them from the Property

(e) Yield up the Property at the end of the tenancy in the same clean state and condition as it was in at the beginning of the tenancy and make good pay for the repair of or replace all such items of the Fixtures Furniture and Effects as shall be broken lost damaged or destroyed during the tenancy (reasonable wear and tear and damage by fire excepted)

(f) Leave the Furniture and Effects at the end of the tenancy in the rooms or places in which they were at the beginning of the tenancy

(g) Pay for the washing (including ironing or pressing) of all linen and for the washing and cleaning (including ironing and pressing) of

all counterpanes blankets and curtains which shall have been soiled during the tenancy (the reasonable use thereof nevertheless to be allowed for)

(h) Permit the Landlord or the Landlord's agents at reasonable hours in the daytime to enter the Property to view the state and condition thereof

(i) Not assign sublet or part with possession of the Property without the previous consent in writing of the Landlord which shall not be unreasonably withheld

(j) Not carry on on the Property any profession trade or business or let apartments or receive paying guests on the Property or place or exhibit any notice board or notice on the Property or use the Property for any other purpose than that of a strictly private residence

(k) Not do or suffer to be done on the Property anything which may be or become a nuisance or annoyance to the Landlord or the tenants or occupiers of any adjoining premises or which may vitiate any insurance of the Property against fire or otherwise or increase the ordinary premium for such insurance

(l) Permit the Landlord or the Landlord's agents at reasonable hours in the daytime within the last twenty-eight days of the tenancy to enter and view the Property with prospective tenants

7. LANDLORD'S BASIC OBLIGATIONS:

[e.g.]

(a) To pay and indemnify the Tenant against all rates taxes assessments and outgoings in respect of the Property (except the water rate and except charges for the supply of gas or electric light and power or the use of any telephone)

(b) That the Tenant paying the Rent and performing the agreements on the part of the Tenant may quietly possess and enjoy the Property during the tenancy without any lawful interruption from the Landlord or any person claiming under or in trust for that party

(c) To return to the Tenant any rent payable for any period while the Property is rendered uninhabitable by fire the amount in case of dispute to be settled by arbitration

8. ADDITIONAL OBLIGATIONS AND CONDITIONS:

Those set out in Appendix Four hereto [and/or]

[e.g.]

(a) The Landlord/Tenant shall keep in good repair the structure and exterior of the Property [but] [and] will [not] be liable to carry out any repair necessitated through the neglect or default of the Tenant a member of his family or household or any person visiting the Property at his invitation

(b) The Landlord/Tenant shall keep in good repair and proper working order installations for the supply of water gas and electricity for sanitation and for space and water heating serving the Property [but] [and] will [not] be liable to repair any installation if the repair has become necessary through the neglect or default of the Tenant or if the installation was fitted by the Tenant.

(c) In buildings containing flats or maisonettes the Landlord shall take all reasonable care to keep the common entrances halls stairways passages and other common parts in reasonable repair and clean safe and fit for use by the Tenant members of his family and visitors

(d) The Landlord/Tenant will keep the exterior of the Property in a good state of decoration and

will decorate the exterior at approximately five yearly intervals [together with all communal parts of any buildings containing flats and maisonettes]

9. RECOVERY OF POSSESSION:

[e.g.]

(i) If the Rent or any instalment or part thereof shall be in arrear for at least fourteen days after the same shall have become due (whether legally demanded or not) or if there shall be a breach of any of the foregoing obligations by the Tenant the Landlord may re-enter on the Property and immediately thereupon the tenancy shall absolutely determine without prejudice to the other rights and remedies of the Landlord

(ii) By one/three months notice in writing given by the Tenant to the Landlord before the expiry of the term

(iii) By service of a notice to recover possession under [(e.g.) Grounds 1 to 8 of Schedule 4 of the Housing Act 1980 and/or Cases 1 to 16 and 20 (suitably amended as to relevant dates) of Schedule 15 to the Rent Act 1977] and/or Special Notice under Appendix Five hereto and

(vi) An order for possession by the local County Courts

INTERPRETATION

Where the context admits -

(a) "The Landlord" includes the persons for the time being entitled in reversion expectant on the tenancy

(b) "The Tenant" includes the persons deriving title under the Tenant

(c) References to the Property include references to any part or parts of the Property and to the Fixtures Furniture and Effects or any of them

APPENDIX ONE

("The Property")

The dwellinghouse/flat/suit of rooms consisting of [ ] rooms numbered [ ] on the [ ] floor forming part of [the building] [the dwellinghouse] known as [ ]

[Together with the use of the forecourt entrance hall and lift (if any) staircase outer door and vestibule of the said building in common with the other tenants and occupiers thereof]

[And the garden thereof (if any)]

[And the furniture and effects therein (which are more particularly described in the Inventory (Appendix Six) hereof)]

APPENDIX TWO

(Delete as applicable)

PART I (Tenure)

(i) Life Tenancy

(ii) Fixed-Term Tenancy

(iii) Rolling Tenancy

PART II (Term)

1. Life Tenancy

(a) Commencement Date: [ ] [19]

(b) Number of Successors: One/Two

(c) Names: (i) (Relationship
& Addresses: (ii) to Tenant)

(d) Qualifying Conditions:

(i) Three/Six/Twelve Months continuous occupation of the Property as only or main residence prior to the death of the Tenant

(ii) None applicable

2. Fixed-Term Tenancy:

(a) Commencement Date: [ ] [19]

(b) Termination Date: [ ] [19]

(c) Death Provision: (i) Not Applicable

(ii) Applicable

(a) Number of Successors: One/Two

(b) Names & Addresses: (i) (Relationship to Tenant)

(ii)

(c) Qualifying Conditions:

(i) [As above]

(ii) None Applicable

3. Rolling Tenancy:

(a) Commencement Date: [ ] [19]

(b) Earliest Termination Date: [ ] [19]

(c) Renewal Conditions:

The period of [ ] [weeks] [months] [years] starting on [ ] [19] and ending on [ ] [19] ("the first expiration date") AND

(i) From [week] [month] to [week] [month] [each subsequent year] until service of a Notice of Termination/Notice of Intention to Recover Possession under Appendix hereof

(ii) The further period of [ ] starting on [ ] [19] upon service of a "notice to continue" by the Tenant/Landlord not more than [26] weeks and not less than [13] weeks before the first expiration date

(iii) Such further periods as will be agreed between the Landlord and the Tenant upon service of a notice to continue before each subsequent expiration date

APPENDIX THREE

(Rent)

1. Quantum

(i) (a) The sum of £[ ] per week/month/annum [by equal payments on] inclusive/exclusive of rates

(b) The First Payment to be made on the day of 19

(ii) The additional sum of £ per week/month/annum/Such additional sums as the Landlord shall expend in fulfilment of its obligations under paragraph 8 and Appendix hereto

2. Renew

(i) On each/third/fifth anniversary of the commence-

ment date of the Term hereinbefore set out ("the review date")

(ii) Mechanics:

By Service of a Notice in Writing not less than [ ] weeks before the review date time being/not being of the essence

(iii) Method:

(a) Retail Price Index

(b) Index of House Prices

(c) Open Market Value

(d) Other

(vi) Default:

(a) Automatic annual renew

(b) Reference to a single arbitrator to be appointed under the Arbitration Acts 1950 and 1979

(c) Reference to the County Court

3. Premiums and Deposits:

(a) The sum of £ by way of [ ] months rent in advance

(b) The sum of £ against breakages to the Fixtures

Furniture and Effects set out in Appendix hereto

APPENDIX FOUR

(Additional Obligations and Conditions)

e.g. Service Charges/User, etc.

APPENDIX FIVE

(Recovery of Possession)

1. Special Requirements:

(a) Occupation by another Employee

(b) Owner-Occupier and/or member of family

(c) Retirement

(d) Other

2. Period of Special Notice:

[ ] weeks/months before proposed termination date

APPENDIX SIX

(Inventory of Fixtures and Fittings)

Signed ..... Landlord

Witness

..... Tenant

Witness

SUBJECT
a Master

fleet

10 DOWNING STREET

From the Private Secretary

CONFIDENTIAL

19 November 1984

HOUSING POLICY

You may like to be aware of a point which emerged from a meeting which the Prime Minister had with Lord Young last week. She said that, following Cabinet's discussion, she was anxious to see a thorough review of housing policy, though she had not yet formed a view on how this should best be done. Lord Young said he had a number of ideas, particularly on improvement grants. The Prime Minister encouraged him to put these points to your Secretary of State and Mr. Gow.

I am copying this letter to Leigh Lewis (Office of the Minister Without Portfolio) and to Paul Britton (Mr. Gow's Office).

ANDREW TURNBULL

John Ballard, Esq.,
Department of the Environment.

CONFIDENTIAL

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

DMB 30/10

30 October 1984

Dear Quintin,

24TH REPORT OF THE LAW REFORM COMMITTEE
LATENT DAMAGE

I have now been able to consider in some detail the important Report from the Law Reform Committee, which you sent to me on 3 October.

The Committee's recommendations seem to achieve a reasonable balance between the interests of plaintiffs and defendants in cases of latent damage, and remove much of the uncertainty that currently surrounds this area of the law. Further, the 15 year long stop period should fit well with the insurance arrangements proposed for private certification under the Housing and Building Control Act.

I agree that you should present the Report to Parliament early this Session and invite public discussion on it. I believe the conclusions of the Committee will be widely welcomed, and while I agree that it is right to allow the expression of views on the Report before we reach final decisions, I hope it will be possible to proceed with legislation in the 1985-6 Programme.

I am copying this letter to the Prime Minister, the Lord President of the Council and Sir Robert Armstrong.

Yours ever

Patrick

PATRICK JENKIN

The Rt Hon Lord Hailsham of St Marylebone CH FRS DCL

39/249

CONFIDENTIAL

CCNO

NBPM AT 26/10

FINANCIAL SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Patrick Jenkin Esq MP
Secretary of State for The Environment
2 Marsham Street
LONDON
SW1

25 October 1984

Dear Patrick,

E(DL)(84)4. UNUSED LAND AND EMPTY HOUSING

I have seen the paper on public sector unused land and empty housing which you have circulated to E(DL).

I share your view that although progress has been made to deal with these problems much remains to be done. I have, therefore, asked for a Treasury note to be prepared on ways in which progress might be speeded up. I will circulate this as soon as possible, with the aim of an E(DL) discussion of both papers some time next month.

I am copying this to the Prime Minister, members of E(DL), the Secretaries of State for Defence, Scotland, Wales and Social Services, and Sir Robert Armstrong.

Yours ever
John

JOHN MOORE

Housing : Bliny A4

NBPM SofNO
DS 14/10

JJ

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB

My ref: J/PSO/17187/84

Your ref:

rec'd 16/4

Dear Quintin,

Thank you for sending me a copy of the Law Reform Committee's Report on Latent Damage.

We are urgently considering the recommendations of the Committee which as you know are anxiously awaited by the construction industry.

I hope to be able to let you have our considered response very shortly.

I am copying this letter to the Prime Minister, the Lord President and Sir Robert Armstrong.

Yours ever

Patrick

PATRICK JENKIN

The Rt Hon Lord Hailsham of St Marylebone CH FRS
DCL

HOUSING: POLICY Part 4.

NBPM. CEN/0

AT 15/10

PRIVY COUNCIL OFFICE
WHITEHALL. LONDON SW1A 2AT

15 October 1984

Dear Quintin

24th REPORT OF THE LAW REFORM COMMITTEE
LATENT DAMAGE

Thank you for sending me a copy of your letter of 3 October to Patrick Jenkin about the Law Reform Committee Report on Latent Damage.

I am fully content with your proposal to present the Report to Parliament and invite public discussion. As regards the timing of any legislation, I assume that you will submit a bid in the normal way when we invite proposals for legislation in 1985/86; these invitations are likely to be issued early next month.

I am sending copies of this letter to the Prime Minister, Patrick Jenkin and Sir Robert Armstrong.

Yours

The Rt Hon Lord Hailsham of St Marylebone CH

Housing Policy: Housing Pt 4.

HOUSE OF LORDS,
SW1A 0PW

3 October 1984

Dear Patrick:

24th Report of the Law Reform Committee
Latent Damage

— in folder attached to file.

You will be interested to see this copy of the Report which Lord Scarman has submitted to me. It is the result of four years' work by the Committee involving consultation with a wide range of interests on my reference of August 1980,

"to consider the law relating to -
(i) the accrual of the cause of action, and
(ii) limitation
in negligence cases involving latent defects
(other than latent disease or injury to the person)
and to make recommendations."

The recommendations (a summary of which I attach) are based on a compromise between the fundamentally conflicting interests of plaintiffs and defendants. The compromise couples a three-year extension of the normal limitation period, running from discovery (or discoverability), with a long-stop which bars plaintiffs from initiating actions more than fifteen years after the breach of duty. The recommendations extend beyond building and construction cases to all negligence cases involving latent damage.

I believe that both the public at large and the many different professional advisers affected by this important issue should be given time to consider this Report and its implications

The Right Honourable
Patrick Jenkin, M.P.,
Secretary of State for
the Environment.

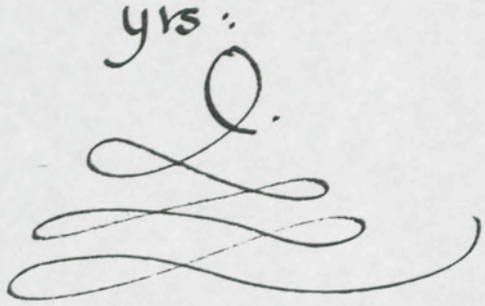
cont...2

and to express their views to us before we reach final decisions on it. Accordingly I propose (subject to your views and to those of the other recipients of this letter) to present the Report to Parliament very early next Session and to invite public discussion on it.

I hope that any legislation arising out of the Report will be included in the 1985/86 Programme if a space can be found.

I am copying this letter to the Prime Minister, the Lord President of the Council and to Sir Robert Armstrong.

yrs:



From: THE RT. HON. LORD HAILSHAM
OF ST. MARYLEBONE, CH, FRS, DCL.

PART V

CONCLUSIONS AND RECOMMENDATIONS

5.1 The present law is unjust to plaintiffs and defendants. In our view, it requires reform which will take care of the interests of both. Reform is, therefore, bound to be, in effect, a compromise between conflicting interests.

5.2 Suggestions were made to us by some of those whom we consulted for reforms more wide ranging than we have felt able to recommend.[1] We recognise the value of these suggestions and we believe that some of them deserve further consideration. Our terms of reference are limited to "negligence cases involving latent defects" and our recommendations are designed to improve the law of limitation in respect of that class of case.

5.3 Our recommendations can be summarised as follows:—

(a) there should be no change in the general rule of substantive law whereby a cause of action in negligence accrues at the date on which the resulting damage occurs (paragraph 4.4);

(b) in negligence cases involving latent defects the existing six year period of limitation should be subject to an extension which would allow a plaintiff three years from the date of the discovery, or reasonable discoverability, of significant damage (paragraphs 4.5–4.9);

(c) there should be a long stop applicable to all negligence cases involving latent defects which should bar a plaintiff from initiating court action more than 15 years from the defendant's breach of duty (irrespective of whether damage has occurred) (paragraphs 4.10–4.13);

(d) the effect of the long stop should be to bar the plaintiff's remedy, not to extinguish his right (paragraph 4.14);

(e) where the plaintiff is under a disability at the "date of knowledge" it should be possible for his action to be commenced within three years of the date that his disability ceases, or he dies, whichever is the sooner; the existence of the plaintiff's disability during the long stop period should have no effect on its duration; but the extension of the limitation period by section 28 of the Limitation Act 1980 in case of disability should remain unaffected by the long stop (paragraphs 4.15–4.17);

(f) the long stop should not apply to cases of latent damage involving fraud, deliberate concealment or mistake (paragraph 4.20);

(g) the extended limitation period should run not only against the plaintiff but also against his successors in title (paragraph 4.21);

(h) the preceding recommendations should be of general application to cases of latent damage and not confined to, say, building, construction or engineering cases (paragraph 4.22);

(i) our recommendations can be effected by amendments to the Limitation Act 1980 and should be subject to the transitional provisions proposed in paragraphs 4.23–4.26.

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[1] See paras. 1.6 and 3.17 above.

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28 September 1984

PRIME MINISTER

This refers to the Papers circulated to be Seminar but not discussed. Your views are well known. Agree no need to write? AT 28/9

E(DL): UNUTILISED LAND AND HOUSES

Patrick Jenkin's ideas of:

(a) publicity and better access for the Land Registers;

(b) more pressure on local authorities to release surplus land;

(c) targetting a priority list of bad authorities with a lot of land;

are all to be welcomed.

We should be wary of thinking of the current Land Register of 110,000 acres as definitive. This is only the land identified as surplus. Much more land is available which may be surplus to requirements, or which could be sold for better uses. It is interesting, for example to note that the Coal Board is credited with 2,297 acres of surplus land, and yet its accounts state that it has more than 30,000 acres of non-operational land. A lot of this may not be development land, but it still could be sold.

Same goes for MoD

CONFIDENTIAL

The paper is more tentative on the subject of empty houses. Ministers should be prepared to use the Land Register powers to compel local authorities to put long-term empty dwellings onto the market. Yes, there may well be a political row, but it is one where the overwhelming public sympathy would lie with the Government in trying to use houses that will otherwise fall into complete dereliction.

The DoE housing department itself should be encouraging individual bad-performing local authorities to learn from better management practice elsewhere, and from good ideas on refurbishing big blocks of flats. But there is no substitute for the DoE Ministers using the powers they already have to get some action to move on some of the identified empty houses, and to identify more.

You could write supporting Patrick's initiative and looking forward to some good results.

JOHN REDWOOD

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

Minister for Housing and Construction

23 August 1984

Dear Prime Minister,

The Housing and Building Control Act comes into force on 26 August. Part I makes major changes to the Right to Buy and Tenants' Charter provisions of the Housing Act 1980.

The main changes are:

- an increase in the maximum discount from 50 per cent after 20 years tenancy to 60 per cent after 30 years tenancy;

- a reduction in the qualifying period from 3 to 2 years tenancy with a discount of 32 per cent after only 2 years tenancy;

- the right to buy will arise where the landlord owns a leasehold as well as a freehold;

- tenancies with certain additional public sector bodies will count towards right to buy discount entitlements;

- the extension of the right to buy to certain county council tenants;

- a new right to part-buy and part-rent their homes (shared ownership) for those who cannot afford to buy outright;

- public sector tenants will have the right to exchange their homes. Landlords will not be able to withhold consent except on specified grounds;

- public sector tenants will soon have the right to carry out certain types of repairs and receive payment from their landlord.

These changes are explained in two new booklets of which I am enclosing copies.

Copies are being sent to all local and new town authorities in England and Wales, to Citizens Advice Bureaux and to the Housing Corporation (for tenants of housing associations). Copies are also being sent to all local authority tenants in England and Wales.

I will be launching a campaign to publicise these extensions to the Right to Buy at a press conference in London on 11 September. This will be followed by television and newspaper advertisements. Since April 1979 over 700,000 local authority, new town and housing association dwellings have been sold either under the right to buy or voluntary sales.

I attach the highest importance to our policies for extending the opportunity for home ownership and I hope that you may have the chance, during the coming weeks, to make speeches on this subject in your constituency.

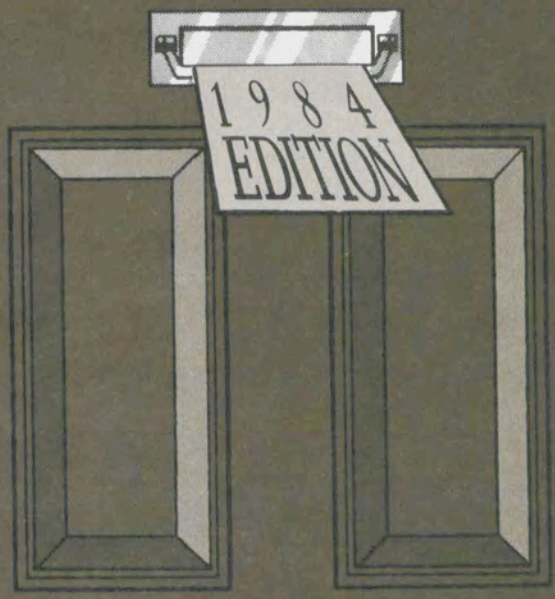
Yours ever,

IAN GOW

I have sent similar letters to all Conservative M.P.s.

The Tenants' Charter.

Rights for council, new town and housing association tenants.



Important note: This booklet does not provide an authoritative interpretation of the law; only the courts can do that. If you are in doubt about your legal rights or obliga[redacted] you would be well advised to seek information from a Citizens' Advice Bureau or to consult a solicitor. Help with all or part of the cost of legal advice may be available under the Legal Aid Scheme.

In the Housing Act 1980, as amended by the Housing and Building Control Act 1984, the Government has introduced a Tenants' Charter of legal rights for tenants of local authorities, new towns and housing associations. The main rights are:

- The right to buy your home.
- Security of tenure, subject to your landlord being able to regain possession on certain defined grounds.
- The right of a widow, widower or a resident member of the family to succeed to the tenancy on the tenant's death.
- The right to exchange your home.
- The right to take in lodgers.
- The right to sublet part of your home.
- The right to repair your home.
- The right to information about your legal rights and obligations and those of your landlord.
- The right to be consulted about matters affecting your home or your tenancy.
- Certain rights about communal heating charges.

These rights cannot be taken away by any conditions in your tenancy agreement. Your Tenants' Charter rights are outlined in this booklet but if you want to know about them in more detail you should go to your landlord, or to a Citizens' Advice Bureau.

The rights outlined in this booklet are modified in the case of some housing association tenants and those on fixed-term tenancies.

This booklet forms part of a series of Housing Booklets produced jointly by the Department of the Environment and the Welsh Office. They are available free throughout England and Wales, and may be obtained from the housing departments of all district and borough councils, from Housing Aid and Advice Centres, from Rent Officers and most Citizens' Advice Bureaux. Their addresses are listed in local telephone directories.

Q1. Who has these [redacted] Tenants' Charter rights?

A. All "secure tenants."

Q2. Who is a secure tenant?

A. Any tenant (or licensee), except for those listed on pages 11 and 12, of the following bodies, called "landlords" in this booklet:

- Housing authorities (that is, a district council – which may be called a city or metropolitan borough – a London borough, or the Greater London Council).
- County councils.
- Most housing associations, housing trusts and housing co-operatives.
- New Town Development Corporations.
- The Commission for the New Towns.
- The Development Board for Rural Wales.

They are all secure tenants provided their house or flat, called "home" in this booklet, does not have essential living accommodation which is shared, for example a living room or kitchen, and so long as they occupy it as their only or principal home. (If the house or flat ceases to be your only or principal home you will stop being a secure tenant.)

Q3. Do I have the right to buy my home?

A. Almost certainly, if you are a secure tenant. Another booklet, *Your Right to Buy Your Home*, gives details of this important right, and is obtainable from your landlord.

Q4. What difference does security of tenure make?

A. You now have the right by law to stay in your home. You can only be moved against your will if your landlord gets a court order for possession. To get such an order, your landlord will have to satisfy the court that there is good reason for making you move, by showing that one or more of the "grounds for possession" summarised on pages 13 and 14 of this booklet applies. The reason may be to do with your behaviour as a tenant, such as failure to pay your rent when due, or with your landlord's need to make the best use of his property. If behaviour is the reason, the court must be satisfied that it is reasonable for you to be made to leave your home. If good management is the reason, the court must be satisfied that suitable alternative accommodation will be available to you when you leave your present home. Under some of these management grounds, the court must also be satisfied that it is reasonable to make a possession order. The list on pages 13 and 14 makes clear which tests apply to each ground.

Q5. Who decides whether the alternative accommodation is suitable?

A. The court decides. It must be satisfied that the alternative accommodation will be reasonably suitable for your needs and those of your family. It may take account of such factors as the types of dwellings being let to other people, where you work, where your children's schools are, and an essential need to be near a close relative. You will be given an opportunity to put forward your views.

Q6. Supposing my landlord asks me to move and I don't want to?

A. Your landlord must give you a "Notice of Seeking Possession." This will state the ground or grounds on which possession is being sought and the reasons for doing so. Court proceedings cannot normally begin until at least one month after the notice is given. You will have the opportunity to prepare and present your own case to the court when the application for an order is heard. Legal aid will be available if you qualify for it.

Q7. What happens to my tenancy when I die?

A. If you are a secure tenant, when you die your tenancy will pass to your wife or husband, if living with you in the home, or else to any close relative who has been living with you for at least 12 months. He or she will be your "successor" under the Act, provided you yourself did not succeed to the tenancy after 3 October 1980. If you have a joint tenancy with another person, it will pass to him or her when you die, but there will be no further succession. This succession happens once automatically but your landlord might agree to let a further member of your family take over after that.

Q8. Can I exchange my home?

A. You have the right to exchange your home by transferring your tenancy to another secure tenant anywhere in England and Wales provided you and the other tenant obtain your respective landlords' written consent to the transfers. It is possible to arrange three-way, or more, exchanges provided all tenants are secure. Your landlord cannot refuse consent except on specific grounds listed on page 15. Nor can your landlord attach conditions to a

consent except in connection with any arrears with your rent or some other outstanding obligation you may have towards your landlord. You cannot be charged a fee as a condition of your landlord's consent. If your landlord does not reply within six weeks to your application for consent, he may not be able to refuse it, but you should seek legal advice before proceeding with an exchange without going back to your landlord. If you are refused consent and you consider the reason given is not one of the grounds listed on page 15, you have the right to challenge the refusal in court. If you are a successor (see Q7) before making an exchange, you will continue to be a successor afterwards. If you exchange your home and, as part of the exchange, you accept or give a financial inducement, your landlord will have a ground for getting a court order for possession without him being required to provide alternative accommodation (see Q4). You will be under threat of losing your new home.

Q9. Can I transfer my tenancy to anyone else?

A. If the terms of your tenancy do not prohibit it, you may normally transfer your tenancy but only to your wife or husband, if living with you in your home, or to any close relative who has been living with you for at least the last 12 months. Your tenancy may also be transferred to a former wife or husband under a court order. You cannot normally transfer your tenancy under any other circumstances.

Q10. Can I take in lodgers if I want?

A. Yes. And you do not need your landlord's consent.

You also have the right to sublet part of your home provided you obtain your landlord's written consent. (You have no right to sublet the whole of your home and if you do you will lose your security of tenure.) Your landlord cannot refuse consent to sublet without good reason and cannot attach conditions to the consent. If your landlord does refuse consent, he must give you reasons in writing. If you are refused consent to sublet and you consider this unreasonable, you have the right to challenge the refusal in court. Your landlord will have to prove his case, not you. The court will look at all the circumstances in deciding whether refusal was unreasonable, paying attention to the possibility that subletting could lead to overcrowding and any plans the landlord may have to make changes to your home which would affect the accommodation you want to sublet.

If you do not know whether any arrangement you are thinking of making would amount to subletting rather than just taking in a lodger, you should consult your landlord, or if necessary take legal advice.

Q11. Can I repair my home myself?

A. Landlords are normally responsible for keeping in repair the structure and exterior of homes which they let, and for keeping in repair and proper working order installations for the supply of water, gas, electricity and sanitation, and for space heating or heating water. Landlords may also accept in their tenancy agreements responsibility for other repairs. Under the 1984 Act tenants are being given the right to carry out certain repairs which are their landlords' responsibility and to receive a payment. The regulations needed to bring the right to repair into force had not been made at the time this booklet was published (August 1984). When it comes into force, another booklet, *The Right to Repair,* will give details. Before you seek to exercise the right to repair you should find out about the detailed rules.

Q12. What about improvements?

A. You have the right to carry out improvements, including decorating the outside, or fixing a TV aerial, provided you obtain your landlord's written consent. He is allowed to impose reasonable conditions. But he cannot refuse consent without good reason and must give you his reasons in writing. If your landlord does not reply within six weeks, you must assume that consent has been refused. If you consider either his refusal or his conditions are unreasonable, you have the right to challenge them in court. Again, he would have to prove his case, not you. The court will look at all the circumstances of the case, including the effect the improvement would have on the safety of your home and of adjoining property, or on its value, and whether the landlord would incur extra costs because of the improvements.

Q13. Can I get the cost of improvements back if I move or if I buy?

A. If you move, your landlord is able (but is not obliged) to repay some or all of the original cost to you of improvements you made after 3 October 1980. If you decide to buy, the price has to exclude the value of your improvements.

Q14. Will my improvements increase my rent?

A. No, provided you paid for them yourself or with the assistance of a Home Improvement Grant (see Q15). However, your rates may be increased. Nor can your successor's (see Q7) rent be increased on account of your improvements.

Q15. Can I get a Home Improvement Grant?

A. It depends on the kind of work you want to carry out. Tenants can apply for a Home Improvement Grant on the same basis as owner-occupiers. Another booklet, *Home Improvement Grants*, tells you about the grants available.

Q16. What information do I get as a tenant?

A. Your landlord must give you a straightforward explanation of the terms of your tenancy together with your Tenants' Charter rights and your landlord's statutory obligations to do repairs. Landlords, except county councils, also have to publish their procedures for allocating accommodation and for giving transfers and exchanges. They must allow people who have applied for housing to check that the information they have given to the landlord has been correctly recorded.

Q17. Supposing my home is on a communal heating system?

A. If your heating is supplied through a communal or district heating system provided by any of the landlords listed in Q2 (apart from county councils, housing associations, housing trusts and housing co-operatives) you will have certain new rights, to be exercised in accordance with regulations to be made in due course. These regulations had not been made at the time this booklet was published (August 1984).

Q18. What do landlords have to consult tenants about?

A. Landlords, except county councils, have to consult their tenants about matters of housing management which substantially affect all tenants, or a category of tenants, or the tenants on a particular estate. Landlords must make arrangements for consulting tenants on matters affecting their homes or their tenancies, for example repair and improvement programmes, the caretaking system and changes in rent collection methods, though not rent levels, and consider their views before reaching a decision. Each landlord works out the best way to consult his tenants and this varies according to local circumstances. The arrangements made must be published.

Q19. What happens if my landlord intends to change my tenancy conditions?

A. Your landlord will give you a notice of the intended change and you will have the opportunity to comment before it is made. However, unless you are a tenant of a registered housing association and your rent is fixed by the Rent Officer (see another booklet, *Housing Association Rents*), you do not have the opportunity to comment when your landlord proposes to alter the rent or any charges.

The following are not secure tenancies and the rights described in this booklet do not therefore apply

Tenancies of the following dwellings are not secure tenancies:

1. Dwellings let as part of business or agricultural premises (for example public houses, farms, shops).

2. Dwellings on land which has been bought for redevelopment and which are only being used temporarily until the redevelopment takes place.

3. Dwellings which the landlord has leased from someone else and which have to be given up empty when the owner wants them.

4. Almshouses.

5. Dwellings which are let on a co-ownership or, in some cases, co-operative basis where the landlord is a registered housing association. Tenancies in management co-operatives are, however, secure.

Tenancies granted to the following tenants are not secure tenancies:

***6.** Students given a tenancy to enable them to follow certain full-time courses at a university or college. The tenancy will become secure if it continues for more than six months after the tenant stops attending such a course.

***7.** People moving into the area from another district to take up a job and given a home temporarily while they seek a permanent home. The tenancy will become secure after one year if the tenant is still living there.

*For these exclusions to apply, the tenant must be told before the start of a tenancy that it will not be a secure tenancy.

8. Homeless people given tenancies while enquiries are made by the local authority about their rights under the Housing (Homeless Persons) Act. The tenancy will become secure one year after the local authority's decision under the Housing (Homeless Persons) Act unless the tenant has already been given a secure tenancy.
9. Employees required to occupy a particular dwelling under their contract of employment for the better performance of their duties (for example caretakers, sheltered housing wardens).
10. Members of a police force whose dwellings are provided for them free of rent and rates.
11. Employees of fire authorities who are required to live very close to their fire stations and whose dwellings are provided by their employers.
12. People who were squatters and have since been given a licence to occupy a dwelling. (Other licensees will be secure tenants.)

The following types of tenancy are not secure tenancies:
13. Long fixed-term leases (of over 21 years).
14. Temporary lettings to people who were not secure tenants in their previous homes which are being improved or repaired.
***15.** Temporary lettings (of up to three years) of dwellings normally let to employees on terms described in paragraphs 9, 10 and 11 above.

*For these exclusions to apply, the tenant must be told before the start of a tenancy that it will not be a secure tenancy.

Grounds for regaining possession of secure tenancies

Landlords, as defined under Q2, can regain possession of a secure tenant's home, provided the court finds it reasonable, on the following grounds:
1. Failing to pay rent or breaking some other condition of the tenancy.
2. Behaving in a manner which is a nuisance or annoyance to neighbours, or being convicted of using the premises for immoral or illegal purposes.
3. Damaging the dwelling or common parts used by other tenants (for example staircases in a block of flats).
4. Damaging furniture provided by the landlord.
5. Getting a tenancy by false statements.
6. Getting an assignment to a tenancy (see Q8) through giving or receiving a financial inducement in connection with an exchange.
7. Where a dwelling is within the boundaries of an operational building (such as a school or social service home), behaving in a manner which is not desirable having regard to the use of the building.
8. Refusing to leave a dwelling which had been let to a tenant temporarily while building work was being done on the original home if the tenant had promised to go back when the work was finished.

Landlords can regain possession of a secure tenant's home, provided the court is satisfied that suitable alternative accommodation will be available, on the following grounds:
9. Overcrowding according to rules in the Housing Act 1957.
10. The landlord wants to demolish the dwelling or to do works on it or on land connected with it and cannot do so while the tenant is still living there.
11. The landlord is a registered charity and the tenant's continued occupation would conflict with the purposes of the charity.

Landlords can regain possession of a secure tenant's home, provided the court finds it reasonable to make the order and is satisfied that suitable alternative accommodation will be available, on the following grounds:

12. The tenant is a former employee of the landlord and the dwelling is within the boundaries of an operational building or cemetery and the landlord needs possession in order to let it to a new employee.

13. The tenant is living in a dwelling which has been specially designed or altered to suit the needs of a physically handicapped person, but there is no longer a handicapped person living there and the landlord needs the dwelling for such a person.

14. The landlord is a housing association or housing trust which caters for people with special needs and there is no longer such a person living in the dwelling and the landlord needs the dwelling for someone with special needs. Alternatively, the present tenant has been offered suitable alternative accommodation by a local authority and the landlord requires the dwelling for another person with special needs.

15. The tenant is living in a dwelling in a group of dwellings let to people with special needs near some special facility for them (for example an old people's club) and there is no longer a person with those needs living in the dwelling and the landlord requires the dwelling for someone with those needs.

16. The tenant has succeeded to a tenancy (see Q7) and the dwelling is larger than he or she reasonably needs. (This can only be used between six and twelve months from the previous tenant's death and cannot be used at all against the widow or widower of the previous tenant. The court must take account of the tenant's age, the length of time of occupation of the dwelling, and any financial or other support given by the tenant to the previous tenant.)

Grounds for refusing consent to an exchange of homes

Landlords may refuse to allow secure tenants to assign their tenancies on the following grounds:

1. Where a court order has been made giving possession of the tenant's dwelling to the landlord (see Q4).

2. Where a notice of seeking possession has been served on either the tenant or the person to whom the tenant proposes assigning his tenancy on any of the grounds 1 to 6 listed on page 13, and the notice is still in force.

3. Where the tenant's dwelling is substantially larger than is reasonably needed by the person to whom the tenant proposes assigning his tenancy.

4. Where the tenant's dwelling would be too small for the needs of the person to whom the tenant proposes assigning his tenancy.

5. Where the dwelling had been let to a tenant who was an employee of the landlord and the dwelling is within the boundaries of an operational building or within a cemetery.

6. Where the landlord is a registered charity and the exchange would result in the new tenant's occupation conflicting with the purposes of the charity.

7. Where the dwelling is designed or adapted to suit the needs of a physically handicapped person and the exchange would result in it being occupied by someone without those needs.

8. Where the landlord is a housing association or housing trust which caters for people with special needs and the exchange would result in the dwelling being occupied by someone without those needs.

9. Where the dwelling is in a group of dwellings let to people with special needs near some special facility (for example an old people's club) and the exchange would result in the dwelling being occupied by someone without those needs.

Prepared by the Department of the Environment, the Welsh Office and the Central Office of Information.

Printed in the UK for HMSO.
Dd 8832291 ENVI J0044 NE

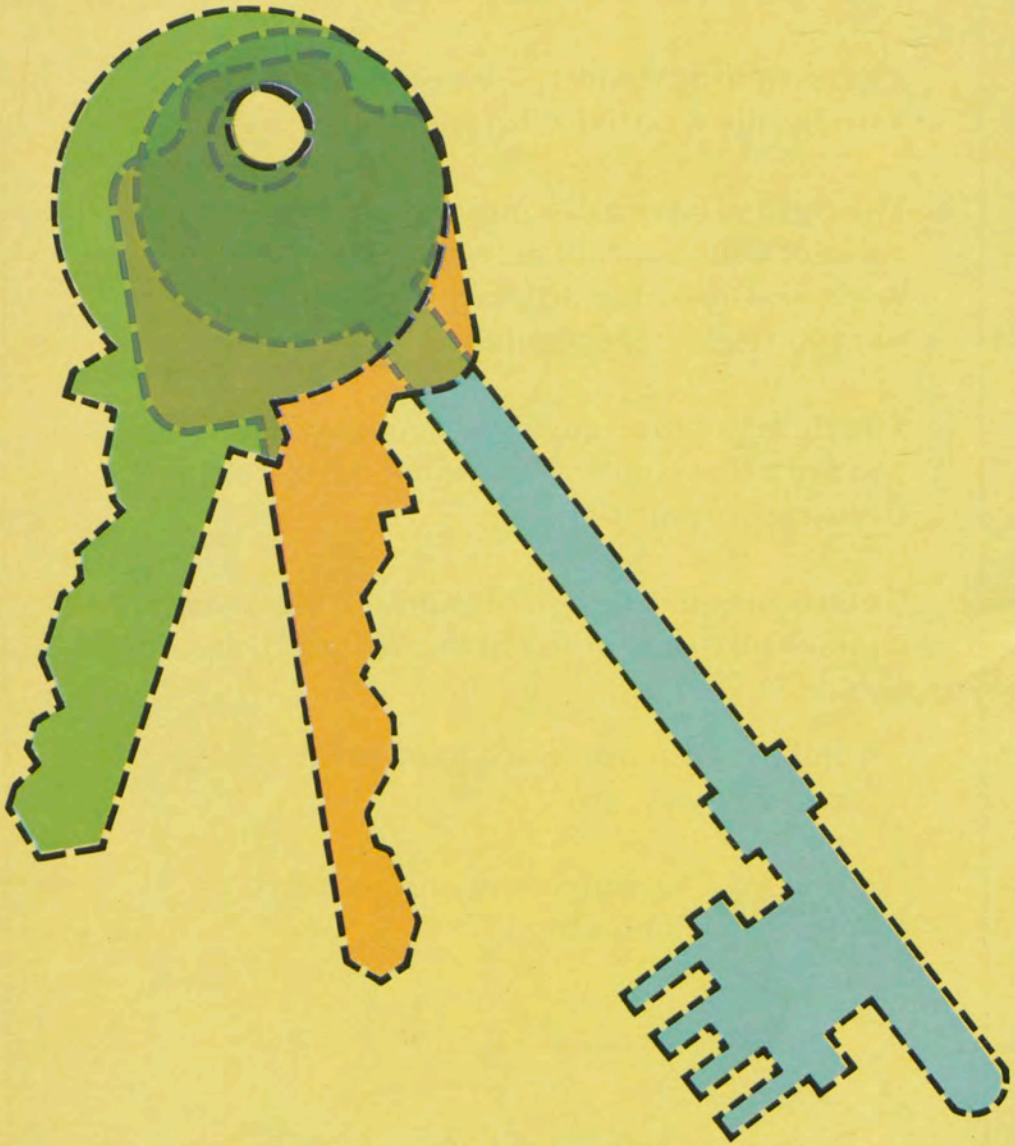
New edition August 1984.

Housing Booklet Number 1.

Department of the Environment
and the Welsh Office.

Your right to buy your home

A guide for council, new town and housing association tenants



The Department of the Environment & the Welsh Office 1984

The Housing Act 1980 and Housing and Building Control Act 1984 give most council and new town tenants, and some tenants of housing associations, the legal right to buy their homes.
The main rights are:

The right to buy the home you live in

The right to buy jointly with other members of your family who live with you

The right to have a discount off the open market value of your home of between 32% after two years and 60% after 30 years depending on how long you have been a tenant

The right to a mortgage from your landlord, or, if you are a Housing Association tenant, from the Housing Corporation

If you don't qualify for a big enough mortgage to enable you to buy outright immediately, the choice of

- **buying your home at a fixed price within two years**
  or
- **part buying and part renting (called 'Shared Ownership')**

This booklet aims to tell you about:

If you decide to put in an application to buy there is **a step-by-step guide** to the stages of the sales process on **pages 20-25.**

The costs of buying

Do I need a loan?

Unless you want to buy your home outright using cash or savings, you will need a loan, usually called a mortgage, to enable you to buy. You have to repay the loan plus interest on a regular basis, usually monthly. You would normally have 25 years in which to repay the loan, but mortgages can be for much shorter periods. When you sell your house, you use the money you receive to pay off any of your mortgage loan which remains.

How much would I have to borrow?

The amount you need to borrow depends on:

a. the full value of your house;

b. the discount off the value to which you are entitled for the years you have been a tenant;

c. any savings or cash you can put towards the purchase.

Table 1 below helps you to find the **actual purchase price to you** after taking off the discount. First find in the top line the nearest figure to the full value of your home: in the **column** below is the figure you want. Use the **line** nearest the time you have been a tenant. This also shows the percentage discount you can get.

For example, if the full value of your house is £19,500, use the column headed £20,000. If your tenancy has lasted say, 20 years, you will get a 50% discount and the price to you will be around £10,000.

Table 1: **Actual purchase price to you**

If you are entitled to a discount of:	Full value of house or flat: £10,000	£15,000	£20,000	£25,000
32% (2 years' tenancy)	£6,800	£10,200	£13,600	£17,000
35% (5 years' tenancy)	£6,500	£9,750	£13,000	£16,250
40% (10 years' tenancy)	£6,000	£9,000	£12,000	£15,000
45% (15 years' tenancy)	£5,500	£8,250	£11,000	£13,750
50% (20 years' tenancy)	£5,000	£7,500	£10,000	£12,500
55% (25 years' tenancy)	£4,500	£6,750	£9,000	£11,250
60% (30 years' tenancy or more)	£4,000	£6,000	£8,000	£10,000

Note: see pages 12-13 for periods you can claim towards your discount and the cost floor rule which could affect it.

Using the price to you from Table 1, take away the amount of cash you can pay. The remainder is the sum you will need to borrow.

How much would mortgage payments be?

Using the sum you need to borrow, find out from Table 2 below how much per week the mortgage repayments will be.

First find in the top line the figure nearest to the loan you will need: the weekly repayment is in the **column** below, on the **line** opposite the number of years to be taken to pay off the loan. For example, if you need to borrow £10,000 over 20 years the weekly repayments will be about £20.90.

Table 2: **Mortgage repayments per week**

Period of loan	Weekly mortgage repayments where the amount being borrowed is:				
	£6,000	£8,000	£10,000	£12,000	£14,000
10 years	£17.90	£23.85	£29.80	£35.75	£41.70
15 years	£14.20	£18.95	£23.70	£28.45	£33.20
20 years	£12.55	£16.75	£20.90	£25.10	£29.30
25 years	£11.65	£15.55	£19.40	£23.30	£27.20

The figures in this table show how much you will pay each week **after deduction of tax relief** (at the standard rate of 30%). Nearly all borrowers are given this automatically, whether or not they pay tax. The figures are based on a rate of interest of **12¾%** which is what some of the larger building societies were charging in August 1984.

Remember that mortgage interest rates **can go up or down.**

For example, on a £10,000 loan for 25 years, if interest rates go up or down by 1% the amount payable would change by about £1 per week.

What other regular costs result from buying?

First you must pay **rates** to the council. But remember you already pay rates as a tenant though they are usually collected with the rent. The same is true of **water rates.** So to compare the weekly costs of buying with renting you must take off from your weekly rent payment any part that is for rates and water rates.

An example may help: say your weekly rent is £21.45 (including rates payment of £5.50 and water rates of £1.20). Then your **net rent** is £14.75 (£21.45 less £5.50 less £1.20). This **net rent** figure is the one to compare with your after-tax-relief mortgage repayment (see Table 2 opposite).

There are other costs which owners must bear. If you have a mortgage you will have to **insure your house** against damage by fire, flood and so on for the full cost of rebuilding it. Even if you buy without a mortgage you ought to have such insurance. At present (1984) costs are about £1.25 to £1.50 for each £1,000 of cover; so, for an amount of £20,000, you would pay £25.00 to £30.00 a year.

Then there is the cost of **repair and maintenance.** How much you need to spend each year will depend on the age of the house, the way it has been built, how it has been maintained in the past and so on. You will want to think about repainting at regular intervals. It would be wise to budget for at least £200 per year (£4 per week) for repair and maintenance and it could be more.

On top of this you may want to spend money on **improvements** of various kinds. This is entirely up to you.

Comparing buying with renting

Here is just **one example** of how all the weekly costs of renting and buying might compare. (There are some costs of buying you only have to pay once. These are explained on pages 8 and 9):

Weekly Costs

	Buying		Renting
Mortgage*	**£19.40**	**Net rent**	**£14.75**
Rates	**£5.50**	**Rates**	**£5.50**
Water rates	**£1.20**	**Water rates**	**£1.20**
Insurance	**£0.60**		
Repairs & Maintenance	**£4.00**		
Total	**£30.70**	**Total**	**£21.45**

*For a £10,000 loan over 25 years at a 12¾% interest rate.

Are there special costs for owners of flats and maisonettes?

Yes. If you live in a flat or maisonette you buy a long lease. Under a lease, there are annual payments to be made called 'service charges'. These are explained on page 16.

Service charges vary considerably. To find out how much yours could be, you might be able to ask someone in your block who has bought already. Otherwise, when you put in a claim to buy, then the landlord **must** inform you of the estimated service charge with your section 10 notice (see page 21).

Can I get a mortgage from the council?

Yes, if you are a council tenant you have a right to a mortgage from the council. (If you are a housing association tenant the Housing Corporation must give you a mortgage). But you will sometimes **pay more** if you borrow from the council rather than from a building society. Go to a building society or to a bank to find out the details and whether they can help you.

What is the most I can borrow?

This will depend on your income and that of any others who join in the purchase (see page 10). Your landlord (or the Housing Corporation) normally must lend you 2½ times your income, but less if you are over 60. Building societies and banks have similar rules. They may be ready to go above 2½ times your income but may be less willing to lend if you are retired or approaching retirement.

Can I get a 100% loan?

Depending on your income your landlord or the Housing Corporation must lend you 100% of the purchase price. Building societies and banks can lend you 100% but may prefer you to put in some money of your own, say 5% or 10%.

What happens if I die before the loan is repaid?

It is a very good idea to take out a mortgage protection assurance policy. This means that if the main earner in the family dies before the mortage is fully repaid, the debt is paid in full. The yearly premium for a £10,000 loan would be about £25, depending on your age.

What happens if I cannot keep up mortgage payments?

If you cannot keep up the payments because of sickness or unemployment, you can ask the building society or the council to help. They may agree to extend the length of the loan period, perhaps for a time, and so enable you to make lower payments. If, after buying, your circumstances change and you have to claim supplementary benefit, the Department of Health and Social Security will meet the interest part of your mortgage repayments (the major part of repayments in the early years of a loan), unless you have substantial savings.

If you cannot keep up the payments over a long period, even with the help mentioned, then, just as with non-payment of rent, the building society or the council is able to get possession of your property, as a result of a court order. In practice, most people are able to keep up their payments.

Remember too that according to your income and family needs (whether you are in work or not) you can get **help with the rates.** This is part of the Housing Benefit Scheme run by the council. It is just as much for owners as for tenants.

What are the once and for all costs of buying?

- When a sale is completed you must pay **Land Registry** fees: if the price you pay for your home is £10,000, these would be less than £25 (1984). **Stamp duty** is only payable if the price you pay is more than £30,000. It affects very few council house sales.

- If you take a mortgage loan you will have to pay for the cost of providing it. The **legal costs of a building society mortgage loan** of £10,000 will be about £60 (1984). You will also have to pay them a **valuation fee,** which might be about £40. The council can help you with these costs. If the council or Housing Corporation provides the mortgage, there is a limit to the amount you can be charged, currently £50 (1984). That is the only fee your landlord can pass on.

- You are recommended to use a **solicitor** to handle the **conveyancing** of your house or flat (see page 23). Fees vary but typically might be around £120 if you pay £10,000 for your home.
- A **survey** of your own is advisable (see page 24). **Survey fees** vary also. They start at about £75 but may be higher particularly if special problems need investigation.

Who has the right to buy?

Most tenants of:
- district councils
- London boroughs
- new town development corporations

The tenants of some housing associations

Some county council tenants

The main requirements are:

you must rent your home from one of the bodies listed under the heading 'Right to Buy Landlords' on page 26;

you must have spent a total of **at least two years** as a tenant of your present landlord, or of another Right to Buy Landlord, or of one of the public bodies listed on page 27, or as a member of the regular armed forces occupying service accommodation;

the house or flat you rent must be a separate dwelling and you must occupy it as your only or principal home.

Can members of my family buy with me?

Yes. Anyone who is a **joint tenant** can buy with you. Also up to three members of your family can buy jointly with you as 'sharers' even if they are not joint tenants. Your husband or wife may buy jointly as 'sharers' if the property is their only or principal home. Other family members may do so as 'sharers' if the property is their only or principal home **and** they have lived with you for the last 12 months (your landlord may, however, accept a shorter period).

Are there any exceptions to the right to buy?

Yes. The main exceptions are:

- 'sheltered' housing for the elderly, the physically disabled, the mentally ill and the mentally handicapped;
- dwellings which are particularly suitable for occupation by the elderly, and which when the letting was made were let to be occupied by someone of pensionable age or by a disabled person (the Secretary of State must agree that the dwelling comes into this category; you will have a chance to give your views to the Secretary of State before any decision is made);

- housing for the physically disabled which is purpose-built or which has been very substantially adapted;
- dwellings which are being used as temporary housing accommodation pending redevelopment by the landlord;

- some – but not all – lettings to people who are employees of their landlord.

Full details of **all** the exceptions are given on pages 28 and 29.

I am the tenant of a charitable housing association. Do I have the right to buy?

No. But if your present home was publicly funded, you may be eligible for a discount in cash similar to that available under the right to buy, to help you move by purchasing another house or flat on the open market. You should ask your landlord or the Housing Corporation for full details.

The discount rules

You can get a discount of up to 60% off the market value of your home. You start with a 32% discount after two years. You then add 1% a year for each additional year up to 30 years which you have spent as a tenant of your present landlord, or as a tenant of another **Right to Buy Landlord**, see page 26, or of any of the **public bodies** listed on page 27. You can also count any years spent in service accommodation as a member of the **regular armed forces.**

The total number of years which you can claim don't have to be in the same house or flat, or with the same landlord. Nor need they be continuous.

If you are buying jointly with your husband or wife or someone else, you can claim for discount for whichever one of you has the longest periods of tenancy. If you are widowed or divorced, you will normally be able to count years when you were married to a tenant, even if you weren't the tenant yourself. More details are given in the form RTB1 which you will have to fill in when you apply to buy. You can ask for a copy at any time if you want to find out more.

The cost floor

There is one important rule which may apply if your home was built or has been renovated since 31 March 1974. This rule (which is known as the cost floor) is that your discount cannot reduce the price at which you can buy your home to an amount which is less than the actual costs which your landlord has incurred in building, buying or renovating it, provided those costs amount to more than £5,000. For example, if your home was built three years ago at a cost of £18,000, then the purchase price will not normally be below that figure however much your discount. But the price can never be more than the current market value even if the cost is higher.

Discount cannot be more than £25,000.

Opportunities if you can't afford to buy at once

When you receive your section 10 notice from your landlord (see page 21), you may find that the price is more than you can afford at the moment. You can withdraw your application to buy at this stage, but there are two other options which you can consider.

Deferring completion

First, you may be able to **delay completing the purchase for up to two years** after the date on which you first applied to buy. This is called 'deferring' completion. If you defer completion, the price and terms of sale will not change over the-two year period.

Shared ownership

Second, you may be able to buy a share in your home, so that you **part rent, part buy** it. This is called 'shared ownership' and means paying, say, half the purchase price now and perhaps buying the rest later and paying half the normal rent until then. You can find out more about this scheme from the Department of the Environment booklet *Shared Ownership,* available from your landlord, a Citizens Advice Bureau or one of the addresses on the back cover.

How do I defer completion or buy on shared ownership terms?

You have the right to defer completion or buy on shared ownership terms only if your income is not sufficient to entitle you to a mortgage from your landlord which will enable you to buy outright. So you must first fill in the mortgage application form (RTB 4) – which will have been sent to you with your section 10 notice – and return it to your landlord. He will then tell you the amount of the mortgage to which you are entitled. If this is **less** than the purchase price stated in your section 10 notice, then you have the right to defer completion and buy on shared ownership terms.

To secure these rights, you must then pay a deposit of £100. This must be paid within three months of receiving your landlord's response to your mortgage application. Once you have done that, you can buy outright at any time up to two years after you applied to buy. Or you can apply to your landlord to buy on shared ownership terms.

Your £100 deposit will count towards the purchase price if you later go ahead and buy. Otherwise, it will be returnable in full.

Buying a lease and service charges

I live in a flat/maisonette. What special provisions apply?

If you live in a flat or maisonette, you have a right to buy a **long lease** rather than the freehold. This means that you buy rights over your home for a limited period (called a 'term') rather than for ever. But the term of the lease will normally be for a period of about 120 years; and you and your successors can sell the lease and move elsewhere at any time within that term.

Repairs, maintenance etc and service charges

Blocks of flats and maisonettes have various common parts such as staircases, passage ways, lifts and, perhaps, heating systems, and they share the same roof and foundations. And there are usually services provided – lighting, caretaking etc – which are used in common by all the residents in the block.

Under the terms of your lease, your landlord will normally be responsible for the maintenance, repair and insurance of common parts, and for the provision of services. At the same time, the lease will make you – as the owner of an individual flat – responsible for your fair share of your landlord's costs.

Your contribution to these costs is called the **service charge.** As well as ordinary running costs (such as routine maintenance, caretaking, cleaning etc), a landlord may sometimes spend a larger sum **repairing**, say the roof, the boiler or the lifts. Your share of these costs will be included in the **annual service charge bill.**

However, a lease does not normally allow a landlord to make **improvements** to a block of flats and to charge for them unless the leaseholder agrees.

How much will my service charge be?

Service charges vary considerably, so it is not possible to give a general answer. However, if you decide you want to buy, your landlord is obliged to give you an estimate of your annual service charge bill in your section 10 notice (see page 21).

What if I think the charge is too high?

If you are unhappy about the proposed level of service charges before you buy, you may be able to show that the terms of your lease are unreasonable. In the end the county court can rule on

ch disputes. As a flat owner once you have bought, you have certain legal protections against unreasonable charges. These are described in the Department of the Environment booklet *Service Charges in Flats*, available from the addresses on the back cover.

Paying for major structural repairs

There may also be structural defects which affect your flat or the block in which it is situated. You will have to pay a contribution towards the costs of putting these right, provided you have been told of the defects before you buy. Your landlord's section 10 notice must inform you of them and give an estimate of the cost of putting them right. Your landlord is **not** allowed to charge you for any work in putting right structural defects within ten years unless he has informed you of them in the section 10 notice.

Service charges for houses

Occasionally landlords may impose service charges on houses which are sold freehold. This will usually be because there are some facilities such as paths or greens which are of special benefit to the freeholder (as opposed to the general public) and which he is given a right to use in return for a contribution to their upkeep. A requirement to pay for such facilities must be reasonable in the circumstances. It is often not easy to establish what is reasonable. If you are unhappy this is a matter to be sorted out **before you buy** (see page 23). Once you have bought you have a legal right to challenge the reasonableness of a service charge, to get information on the cost of providing the services on which it is based and to inspect the accounts and receipts relating to it. (These rights are set out in Schedule 4 to the Housing and Building Control Act 1984).

I have been offered the lease of a house. Can't I buy the freehold?

If you live in a house, you will normally have the right to buy the freehold, rather than a lease.

But there are exceptions. If your landlord only has a lease of the house, he is not able to sell you the freehold. But if the term of **his** lease has at least 21 years to run, you will have a right to buy a sub-lease from him.

Many of those who buy the lease of a **house** can subsequently go on to buy the freehold. The Department of the Environment booklet *Leasehold Reform* explains how you do this. It is available from any of the addresses on the back cover.

Re-selling later on

You may sell your home whenever you like. But if you re-sell within five years of your purchase you will have to repay some of your discount. This works on a sliding scale so that if you re-sell in the first year after purchase, you repay 100% of your discount; if you re-sell in the second year after purchase you repay 80%; in the third year, 60%; in the fourth year, 40% and in the fifth year, 20%. After five years you can re-sell without any repayment of discount at all.

Generally you can re-sell to anyone you like.

Are there special rules in rural areas?

Yes. If your home is in a special rural area, like a National Park or an officially designated Area of Outstanding Natural Beauty, your landlord may at the time of your purchase impose a condition requiring you to sell only to someone who has been living or working in a specified region. Or he may impose a condition requiring you to offer your house or flat back to him if you want to re-sell within ten years of buying. If this happened, however, your former landlord would have to pay you the full current market value of your home at the time you re-sold (less any discount due to be repaid).

Delays or problems with the terms of sale

Most sales go through quickly.

But sometimes tenants do experience difficulty or delay. You should take up any problem with your landlord and try to get a satisfactory answer.

If that does not work you can ask the Citizens Advice Bureau or a solicitor about your rights.

You can get help from the Department of the Environment in England or the Welsh Office in Wales (addresses and phone numbers on the back cover). The Secretary of State can:

- find out how sales are progressing;
- help with advice or legal cases where difficult issues are in dispute;
- direct the removal of covenants and conditions of sale which don't conform with the law;
- take over sales.

If you can't sort out your problems with your landlord or with local advice, please contact the Department of the Environment or the Welsh Office.

YOUR RIGHT TO BUY IS A LEGAL RIGHT GIVEN TO YOU BY PARLIAMENT.

WHETHER YOU USE YOUR RIGHT IS UP TO YOU.

BUYING YOUR HOME IS A BIG DECISION.

THIS BOOKLET TRIES TO GIVE YOU THE FACTS YOU NEED.

If you want to talk things over you could ask a neighbour who has bought, or a local building society or Citizens Advice Bureau may be able to help.

A step-by-step guide to buying

If you decide to put in an application you may find this part of this booklet useful to refer to as you reach the various stages in the sales process.

Step 1 – Applying to Buy

Your first step is to ask your landlord for the Right to Buy Claim Form (form RTB1) which he is obliged to supply to you. If you have any difficulty in getting hold of a claim form, write to the Department of the Environment or the Welsh Office (addresses on the back cover).

Fill in the form carefully. It is the basis on which your right to buy will be established and your discount calculated. Return it to your landlord. As it is an important legal document, you are advised to use recorded delivery or to deliver it by hand and get a receipt. You should **keep a copy** of the completed form for yourself.

Step 2 – Your Landlord's Response Notice

The next step is for your landlord to send you a notice (form RTB2) telling you whether or not you have the right to buy. You should receive this within four weeks of your application, or within eight weeks if you have not been a tenant of your current landlord for the last two years.

If your landlord denies your right to buy, he must tell you why. You may be one of the exceptions listed on pages 28 and 29. If you have any doubt about why your landlord has denied the right to buy, you should ask for a further explanation. If you do not agree with his explanation, you may want to consult a Citizens Advice

Bureau or a solicitor; or you can write to the Department of the Environment or the Welsh Office (addresses on the back cover).

Step 3 – Your Landlord's Section 10 Notice

If your landlord has admitted your right to buy, his next step is to send you a further notice (the 'section 10' notice) informing you of the price you will have to pay and the terms and conditions attaching to the sale. He must send this within a further eight weeks if your home is a house and you are buying it freehold, or within 12 weeks if your home is a flat or house of which you are buying a lease. This notice is an important document and you should study it very carefully.
It will tell you five main things:

- it will **describe the property** which you are entitled to buy. This will be your house or flat, and will normally include any land (such as a garden or garage) which goes with your home;
- it will tell you the **price** at which, in your landlord's view, you are entitled to buy your home. In calculating the price, your landlord must estimate the market value of your home, and then deduct any discount (see page 12) to which you are entitled. This deduction may be limited by the cost floor (see page 13). If that is so, this notice will also tell you the cost floor;
- it will state any yearly **service charge** which you will have to pay once you have completed your purchase (see page 16). If you live in a house, there may well be no service charge. In any event, this notice must give you an estimate of the charge you are likely to have to pay, and it must tell you how that charge is made up;

- it will contain any other **terms and conditions** which your landlord thinks should be attached to the sale. These may be set out in the form of a draft of the legal document you will have to sign (known as a transfer or conveyance in the case of a house, or as a lease in the case of a flat). Or they may be set out more briefly as part of the notice or on a separate sheet;
- **if you live in a flat,** it may tell you if there are **structural defects** affecting your flat or the block in which it is situated. You will have to contribute to the cost of putting these right after you have bought (see also page 17). This notice will give you an estimate of what you are likely to have to pay.

  (Note. If you live in a **house,** you cannot rely on your landlord to tell you about any structural defects although he may be able to do so. It is your responsibility to find out about them (see step 5 on page 24). The condition of your **house** will be your responsibility after you have bought.)

Having studied this notice carefully, it may be that you are not happy with the price or terms and conditions proposed. You should pursue any queries as explained below.

Appeal to District Valuer

If you think that your landlord's view of the value of your home is too high, you have a right to appeal to the District Valuer for an independent valuation. You must do so within three months of receiving the section 10 notice.
If you want to appeal, you should write to your landlord asking for a *determination of value under section 11 of the Housing Act 1980.* He will then ask the District Valuer for an independent valuation. The District Valuer will wish to inspect your home, and you will have an opportunity to make your views known to him direct. His decision will be final, even if it is higher than the valuation first suggested by your landlord.

Other queries about terms of sale

If you want to query any other matter proposed in the notice (your discount entitlement, the cost floor, the service charge, any conditions of sale, the definition of your boundaries etc), you should approach your landlord to discuss the problem with him. If you and your landlord continue to disagree, you have a right under section 86 of the Housing Act 1980 to go to the county court for a ruling. But this can be expensive, and you should get legal advice before doing so. You may also approach the Department of the Environment or the Welsh Office for advice (see page 19).

Getting legal advice

You will see that there are quite a lot of choices open to you at this stage, and that the information contained in your section 10 notice may not be straightforward. You should seriously consider seeking legal advice at this stage, particularly if you have worries about the terms of sale. If you don't know a solicitor, you might ask your landlord, your building society or your bank to recommend one. Alternatively your local reference library should have a list of the solicitors in your area, with details of the type of work they are experienced in. It is worth asking for an estimate before engaging a solicitor.

Step 4 – Getting a Mortgage

When you have considered your section 10 notice, you will be able to decide whether to go ahead to buy your home. If you do want to go ahead, you will need to consider how to raise the money. A few people have the money ready in a bank or building society or make private arrangements with a friend or relative for a loan. If that is your position, you should inform your landlord that you are ready to proceed with the purchase.

But most people need to raise a mortgage to pay for their purchase. You can **either** apply to a building society or bank for a mortgage **or** you can apply to your landlord (see page 7).

If you decide to go to your landlord for a mortgage, you must complete and return to your landlord (or, if you are a housing association tenant, to the Housing Corporation) form RTB4. You will have received a copy of this with your section 10 notice. You must return this form within three months of receiving the section 10 notice, unless you have applied for an independent valuation (see opposite). In that case, you must apply for a mortgage within three months of receiving the revised valuation.

Step 5 – Getting a Survey

You do not have to get a survey, but it is recommended. A surveyor will give expert advice on the condition of your home. You are particularly recommended to seek a surveyor's advice if your home is of non-traditional construction.

If you decide to get a survey, you should do so after you have received your section 10 notice and at the same time as you are making enquiries about a mortgage. Your landlord, building society, bank or solicitor may be able to recommend a surveyor to you. Again, it is worth getting an estimate before engaging a surveyor.

Step 6 – Completing Your Purchase

If you are happy with the terms of sale proposed by your landlord, and you have made arrangements for raising the money, you are ready to proceed with your purchase. You should inform your landlord that you are ready to go ahead. You should look to your solicitor for advice on completing the legal documents and making the payment. It may take a couple of months before you become the owner of your home.

Am I obliged to complete the purchase within a certain time?

No. You can take all the time you need to get a survey, to get legal advice, and to discuss the terms of sale with your landlord.

You should aim to let your landlord know as soon as you are ready to go ahead with the purchase. If he hears nothing from you for a long time, he may serve on you a warning notice requiring you **either** to complete the purchase within eight weeks **or** to let him know in writing if there are terms and conditions proposed with which you do not agree. But such a notice cannot be served on you until at least nine months after you receive your section 10 notice.

If you do not respond to this warning notice, your landlord may serve on you a second notice requiring you to complete. If you do not comply with this, your application will be deemed to be withdrawn.

Right to Buy Landlords

To have the right to buy your home you must be currently a tenant of one of the following bodies in England and Wales:

A district council;
A county council;
A London borough council;
The Common Council of the City of London;
The Greater London Council;
The Council of the Isles of Scilly;

A new town or urban development corporation;
The New Towns Commission;
The Development Board for Rural Wales;

A housing association if it is registered with the Housing Corporation and if **it is not** –
- a charity;
- an association which has not received public subsidy;
- a co-ownership; or
- a "fully mutual" co-operative;

The Housing Corporation.

Other public bodies

In working out whether you qualify to buy, and the amount of discount to which you are entitled, you may count any periods of tenancy with one of the bodies listed opposite **plus** any periods of tenancy with one of the bodies listed below:

Local authorities in Scotland and Northern Ireland
Registered housing associations (but not co-ownership or fully mutual co-operative societies)

Area electricity boards
Fire authorities
Government departments
Internal drainage boards
Parish councils
Passenger transport executives
Police authorities
Water authorities

Agricultural and Food Research Council
British Airports Authority
British Broadcasting Corporation
British Gas Corporation
British Railways Board
British Steel Corporation
British Waterways Board
Central Electricity Generating Board
Civil Aviation Authority
Electricity Council
Lake District Special Planning Board
London Regional Transport
Medical Research Council
National Bus Company
National Coal Board
Nature Conservancy Council
Natural Environment Research Council
Peak Park Joint Planning Board
Post Office
Science and Engineering Research Council
Sports Council
Trinity House
United Kingdom Atomic Energy Authority

Community councils in Wales
National Library of Wales
National Museum of Wales
Sports Council for Wales
Welsh Development Agency

Commissioners of Northern Lighthouses
Countryside Commission for Scotland
Highlands and Islands Development Board
North of Scotland Hydro-Electric Board
Scottish Special Housing Association
Scottish Sports Council
South of Scotland Electricity Board

Education and Library boards in Northern Ireland
Fire Authority for Northern Ireland
Northern Ireland Electricity Service
Northern Ireland Housing Executive
Northern Ireland Transport Holding Company
Police Authority for Northern Ireland

and any predecessor of these landlords

The following types of dwelling and tenancy are excluded from right to buy

1. 'Sheltered' housing for the elderly, the physically disabled, the mentally ill and the mentally handicapped.

2. Dwellings which are particularly suitable for occupation by the elderly, and which have been let either to people of pensionable age, or to the disabled.
A landlord must seek the Secretary of State's agreement that a dwelling comes into this category; you will have a chance to give your views before a decision is made.

3. Housing for the physically disabled which is purpose built or which has been adapted by the provision of 7.5 square metres of extra floor space, an extra bathroom or shower room or the installation of a vertical lift (ie not a chair lift or stair lift).

4.Houses and flats on land which has been acquired for development, and which are being used as temporary housing accommodation pending development.

5. The tenancies of employees who are required to occupy their homes under their contract of employment for the better performance of their duties.

6. The tenancies of employees whose home is situated within the boundaries of a school, a social service home, another type of operational building, or a cemetery.

7. The tenancy of a member of a police force whose home has been provided for him free from rent and rates.

8. The tenancy of a fire authority employee who is required to live in close proximity to the station at which he works and whose home has been provided by his employer.

*9. The tenancy of a dwelling which is normally let to employees on terms described in paragraphs 5, 7 and 8 above, but which is let otherwise on a temporary basis. This exclusion ceases to apply after three years if the tenant is still living there.

10. Dwellings let as part of business or agricultural premises (for example public houses, farms, shops).

wellings which the landlord has leased from someone else and which have to be given up empty when the owner wants them.

12. Almshouses.

13. Dwellings which are let on a co-ownership or, in some cases, co-operative basis where the landlord is a registered housing association.

*14. Tenancies granted to students to enable them to follow certain full-time courses at a university or college. This exclusion ceases to apply if the tenancy continues for more than six months after the tenant stops attending such a course.

*15. The tenancies of people moving into the area from another district to to take up a job and given a home temporarily while they seek a permanent home. This exclusion ceases to apply after one year if the tenant is still living there.

16. Tenancies granted to homeless people while enquiries are made by the local authority about their rights under the Housing (Homeless Persons) Act 1977. This exclusion ceases to apply one year after the local authority's decision under the Housing (Homeless Persons) Act.

17. The tenancies of people who were squatters and have since been given a licence to occupy a dwelling.

18. Long fixed-term leases (of over 21 years).

19. Temporary lettings to people who were not secure tenants in their previous homes which are being improved or repaired.

*For these exclusions to apply, the tenant must be notified before the start of the tenancy.

Important: This booklet is not a statement of the law. If you want to know about your rights, consult a Citizens Advice Bureau or a solicitor. Help with the cost of legal advice may be available under the Legal Aid Scheme. If you are in dispute with your landlord about buying your home the Department of the Environment (or the Welsh Office if you live in Wales) may be able to help you.

Department of the Environment Regional Offices

Northern
Wellbar House, Gallowgate, Newcastle upon Tyne NE1 4TD.
Tel: 0632 327575

North West
Sunley Building, Piccadilly Plaza, Manchester M1 4BE.
Tel: 061-832 9111

Merseyside Task Force
Graeme House, Derby Square, Liverpool L2 7SU.
Tel: 051-227 4111

Yorkshire and Humberside
City House, New Station Street, Leeds LS1 4JH.
Tel: 0532 438232

West Midlands
Five Ways Tower, Frederick Road, Edgbaston, Birmingham B15 1SJ.
Tel: 021-643 8191

East Midlands
Cranbrook House, Cranbrook Street, Nottingham NG1 1EY.
Tel: 0602 476121

Eastern
Charles House, 375 Kensington High Street, London W14 8QH.
Tel: 01-603 3444

South West
Tollgate House, Houlton Street, Bristol BS2 9DJ.
Tel: 0272 218811

South East
Charles House, 375 Kensington High Street, London W14 8QH.
Tel: 01-603 3444

Greater London
GLH Division, 2 Marsham Street, London SW1P 3EB.
Tel: 01-212 4846

Welsh Office

Housing Division, Crown Offices, Cathays Park, Cardiff CF1 3NQ.
Tel: 0222 824718

Housing Corporation

149 Tottenham Court Road, London W1P 0BN.
Tel: 01-387 9466

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cc JR

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

1 August, 1984.

Public Land Registers

The Prime Minister has seen the Financial Secretary's minute of 27 July setting out the holdings of surplus land by Government Departments. She was surprised to discover that the DHSS, including Regional Health Authorities, was the largest holder of such land. She looks forward to receiving Mr. MacFarlane's report on ways in which sales of surplus land held by Government Departments and local authorities can be accelerated.

I am sending a copy of this letter to Sue Faulkner (Mr. MacFarlane's Office, Department of the Environment).

Andrew Turnbull

A.P. Hudson, Esq.,
Financial Secretary's Office,
HM Treasury.

CONFIDENTIAL

MANAGEMENT-IN-CONFIDENCE

CONFIDENTIAL

FROM: FINANCIAL SECRETARY
DATE: 27 JULY 1984

Prime Minister (2)

To note and await further report from Neil MacFarlane. (I would never have expected DHSS to be the largest Government landowner of surplus land).

AT 31/7

PRIME MINISTER

PUBLIC LAND REGISTERS

You asked for a report on which Government Departments hold surplus land and on what is being done to accelerate its sale.

I had a helpful meeting with Neil MacFarlane today at which we discussed the general problem of disposing of surplus land owned by Crown and public bodies and by local authorities. He made it clear that he shares your concern at the need to speed up sales of surplus land, and that the initiatives which the Department has been taking are aimed at that objective. He will be reporting to you on the questions which you have asked about local authorities; and will also be letting you know as soon as possible what is being done to accelerate the sale of surplus land held by Government Departments.

At 1 January 1984 the following Government Departments were registered as having surplus land holdings:

	No of Sites	Acres
Department of the Environment	37	366
DHSS (including Regional Health Authorities)	292	4,279
Department of Energy	48	311
Department of Transport	6	78
Ministry of Defence	89	2,572
Departments of Trade and Industry	1	12
Other Crown bodies	11	23

I am copying this to Neil MacFarlane.

JOHN MOORE

Housing : Policy : PEZ

10 DOWNING STREET

From the Private Secretary

20 July 1984

Housing and Building Control Act

The Prime Minister has seen your letter to me of 17 July and welcomes Mr Gow's proposals to publicise further the right of tenants to buy their own homes.

I am sending copies of this letter to John Graham (Scottish Office), Colin Jones (Welsh Office), and David Morris (Lord Privy Seal's Office).

Andrew Turnbull

Paul Britton Esq
Department of the Environment

20 July 1984

MR TURNBULL

HOUSING AND BUILDING CONTROL ACT,1984

We are happy with the letter sent on behalf of Ian Gow recommending a major advertising and mail distribution campaign concerning the Right to Buy scheme for this autumn.

We note there is a risk of adverse criticism, but think this is a risk worth running, given the importance of the subject.

JOHN REDWOOD

CONFIDENTIAL

D/R with DoE letter

MR TURNBULL

20 July 1984

DERELICT LAND AND URBAN HOUSING

The DoE's responses concerning land registers and the further action they are planning represent substantial progress.

The DoE does need to set a timetable for disposing of target amounts of land, and to make sure that the people in the Land Division in the DoE are constantly seeking further disposals, are well-motivated and, if necessary, using the Secretary of State's powers.

The answer to the question on renovation of tower blocks is deeply disappointing. As the DoE admit, the effects of VAT on renovations will be reflected in the price that builders have to pay for the type of property: in this case, it will not deter the renovator or developer. It is no good the Department devoting endless energy and resources to writing essays on the inner urban problem and getting into a stew about the forthcoming crisis in city government, if they are not prepared to devote some energy, time and manpower to sorting out one of the root causes of the problem - the lousy housing conditions. And these problems can be sorted out by encouraging the marketplace to work.

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The answer to the question about an action line seems to be yes, in a roundabout way.

The DoE now tell us they do have adequate powers to enforce disposal of empty houses. They should use them as they know where the empty houses are concentrated. This is a point which could be picked up in the autumn when they report back on the general question. The DoE are right to draw attention to the large stock of empty housing held by other Departments, and this too should be a matter for Ministerial concern and action.

JOHN REDWOOD

CONFIDENTIAL

CC HO

B/F with PM response, 4 Aug

AT 2017

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

19 July 1984

Dear Andrew

DERELICT LAND AND URBAN HOUSING

with AT

My Secretary of State has seen your letter of 3 July and the note on suggestions for speeding up sales of derelict and surplus land and unoccupied housing. He had already asked the Department to provide a progress report on these topics and I will let you have a copy when it is complete. I hope that this will be found helpful in explaining the major initiatives that the Government has already taken in this field and in answering some of the points raised in your note. Meanwhile I enclose a separate note responding to the specific suggestions which have been made.

My Secretary of State certainly intends to keep up the pressure on local authorities and other public bodies to release unused land in their ownership and his recent announcement that he is expressing his powers to direct the sale of such land shows that the Government is prepared to take forceful action. Mr Jenkin feels, however, that the Government can take some credit for the major initiatives that have been taken over the past five years and which have yielded substantial results. He will be taking the opportunity to publicise what has been achieved as well as making it clear that the Government intends to maintain this campaign.

As you know, the Prime Minister has asked Mr Macfarlane to report to her on these and related topics following his talk with the Financial Secretary.

Yours sincerely

John Ballard

J F BALLARD
Private Secretary

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Andrew Turnbull Esq

DERELICT LAND URBAN HOUSING

DOE Comments on paper dated 3 July 1984

1. Could housebuilders and developers be given an encouragement to hunt through the registers and identify that land which their members want to build on, but which is not being made available? The Secretary of State could then use his powers to encourage more enforced disposal.

Land Registers

(a) DOE Ministers have frequently urged housebuilders and developers to make full use of the Registers. Since April 1982 DOE's Regional Offices have organised about 120 meetings between local authorities and representatives of the House Builders Federation to discuss the scope for housebuilding, chiefly for low cost home ownership, on Land Register sites.

(b) Further action now in hand includes

(i) invoking the Secretary of State's powers to direct the sale of specific sites which will stimulate new interest in the Land Register system among developers - see Press Notice attached.

(ii) improving accessibility to the Registers by computerising details of all registered sites and providing access to this computerised record in all DOE Regional offices - target date October 1984.

(iii) publishing a consolidated "catalogue" of all registered sites - probably in association with a commercial publisher and at no cost to the Department: we are aiming for publication in the autumn.

2. Could the DOE arrange a timetable of auctions for land on the registers, if local authorities fail to sell within a reasonable time period? the auctions would have to be so arranged that a local land market is not swamped by making

an unduly large amount available. We should not worry if some of the land is auctioned off at a very low price, as long as it is going to be used.

The powers of direction to sell have been mobilised - see Press Notice enclosed. The powers can only be used in relation to individual sites but can specify the method of disposal: tender may be more effective than auction. The point is well taken about the dangers of swamping the local land market and injuring private property interests. Once the powers have been tested in the first round now underway, it will be possible to assess the scope for more extensive use of them.

3. Would it help if the DOE set out in a clear simple circular to the local authorities guidance on how to encourage land sales?

The Department's efforts have concentrated on direct talks with individual local authorities - see para 1 above. These talks deal not only with general issues both also tackle problems impeding the sale of specific sites. This is probably more useful than a generalised circular. DOE Ministers have urged local authorities on many occasions to realise the value of these neglected or underused assets, and the amount of registered land already sold or on offer for sale shows that much land is on the move. The new circular on land for housing, published earlier this month, emphasised the need to make full use of urban land, including Land Register sites - copy enclosed.

4. Would it help if more publicity were given both to the successes of renovation of tower blocks and other run-down inner city housing, and to the obstruction of some local authorities who stand in the way of dealing with the problem? For example, the Barratts redevelopment of Minster Court in Liverpool, and the Cantril Farm estate in Knowsley, are successes which could be better advertised; while the refusal of Glasgow to allow Barratts to take on three large tower blocks which are standing empty could be made more of.

The imposition of VAT on this type of work in the last budget has been a severe set-back to progress on this front - just when builders were beginning to show real interest in following the lead set by Barratts and a few other pioneers. It is no good urging the scope for more work of this kind until the immediate impact of the VAT imposition has receded. In the longer term the effect of VAT should be reflected in the price that builders have to pay for this type of property; meanwhile the Department has been prepared to make some compensating adjustment to Urban Development Grants approved for schemes to which builders were already committed.

5. Would it help if the DOE set up an action line to a senior official, so that any commercial developer who felt that public bodies had rejected an offer for property without good reason, could get a fair hearing and have his complaint pursued vigorously? This would also help the DOE obtain information on the nature of the wasteland problem, and on when and where to use their powers.

DOE Regional offices are able to put enquirers in touch directly with senior staff handling Land Registers, DLG and UDG. Regional Directors have been asked (at their meeting on 11 July) to consider ways of concentrating this work in one section - where that is not already the case.

6. Could the DOE draw more attention to the scandal of unused houses? And could it consider taking powers to back up its exhortation to enforce sale of empty house property?

(a) Ministers frequently stress this theme and have urged local authorities to reduce the number of empty houses in their ownership - see, for example, the Secretary of State's address to the Institute of Housing's annual conference at Harrogate in June, copy enclosed.

(b) The Government has taken powers in the 1980 Housing Act to promote the disposal of local authority empty dwellings. These include sales at discount, and improvement for sale scheme, mortgage guarantees, and homesteading. Powers exist, under the Local Government Planning and Land Act 1980, under which Ministers could enforce the disposal of unused houses and blocks of flats if it became desirable to do so.

(c) The Government has also changed the subsidy system to penalise local authorities which keep more than 2% of the stock vacant (rates up to 2% are acceptable for management purposes). The Department's report "Reducing the Number of Empty Dwellings" provides comprehensive guidance on the practical steps to be taken to bring empty properties back into letting or to make them available for sale. A copy has been sent to all authorities.

(d) Between April 1979 and December 1983, 17,420 vacant dwellings were sold by local authorities, and according to local authorities' returns in 1983 6,100 empty dwellings were programmed for sale. Many will have been relet. The total stock of empty houses, however, remains unacceptably high and pressure will be increased on local authorities and public landlords to tackle this problem more effectively.

(e) Although 250 of the 367 English housing authorities have vacancy rates at or below 2% Ministers remain dissatisfied with a minority which have unacceptable high levels of empty dwellings. They have therefore mounted a rapid and intensive exercise to examine in depth the problems of the 30 worst affected authorities (concentrated largely in the metropolitan areas). Discussions with the authorities are underway with the aim of producing a report and recommendations for further action in the early autumn. The report will be considering the scope for private sector intervention to reduce the number of empty dwellings owned by local authorities, and the extent to which compulsory disposal of such property might be justified.

(f) Ministers here are corresponding with colleagues in other Departments about empty housing held by their Departments. The overall vacancy rate of over 6% compared badly with the 2.3% in local authorities and represents an Achilles heel in our efforts to increase pressure on the latter. Ministers are increasing pressure on those Departments.

THE RT HON PATRICK JENKIN MP

SECRETARY OF STATE FOR THE ENVIRONMENT

SPEECH

FOR

INSTITUTE OF HOUSING CONFERENCE

ON

FRIDAY 29 JUNE 1984

INTRODUCTION

I DO NOT OFTEN FIND MYSELF THE GUEST OF ONE OF MY OWN CIVIL SERVANTS. BUT I AM DELIGHTED TO BE HERE WITH YOU, MADAM PRESIDENT, AT ONE OF THE HIGHLIGHTS OF YOUR LONG CAREER IN HOUSING.

ON THIS, YOUR LAST DAY AS PRESIDENT OF THE INSTITUTE OF HOUSING, I WOULD LIKE TO EXPRESS MY PERSONAL ADMIRATION FOR THE SPLENDID WAY IN WHICH YOU HAVE CARRIED OUT YOUR PRESIDENTIAL DUTIES. YET THIS HAS NOT BEEN AT THE EXPENSE OF YOUR OFFICIAL ROLE AS MY PROFESSIONAL HOUSING ADVISER, PROVIDING AN IMPORTANT LINK BETWEEN MY DEPARTMENT AND HOUSING AUTHORITIES. BOTH MINISTERS AND OFFICIALS RELY GREATLY ON YOUR ADVICE AND EXPERIENCE. I KNOW TOO THAT THE DISCUSSIONS WHICH YOUR UNIT IN MY DEPARTMENT HOLD WITH HOUSING AUTHORITIES ARE EQUALLY VALUED BY THEM.

I AM DOUBLY GLAD TO BE ABLE TODAY TO CONGRATULATE YOU ON THE NEWS THAT THE QUEEN WAS PLEASED AT A COUNCIL HELD ON 25 JUNE TO APPROVE THE GRANT OF A CHARTER FOR YOUR INSTITUTE. THIS IS A FITTING TRIBUTE TO THE WORK OF THE INSTITUTE IN ENHANCING THE QUALITY OF HOUSING MANAGEMENT AND IN PROMOTING A THOROUGHGOING PROFESSIONAL APPROACH. WITH MY SINCERE CONGRATULATIONS MAY I COUPLE THE THOUGHT THAT THE GRANT OF THIS HONOUR IS A CHALLENGE TO LIVE UP TO? YOU DESERVE THE HONOUR. I HOPE YOU WILL ACCEPT THE CHALLENGE.

IMPORTANCE OF PUBLIC SECTOR STOCK

ALMOST EVERYONE HERE IS DIRECTLY INVOLVED AS AN ELECTED MEMBER OR AS AN OFFICIAL IN THE PUBLIC HOUSING SERVICE. THE STANDARDS AND PRACTICES WHICH YOU ADOPT AFFECT THE HAPPINESS AND THE LIVES OF MILLIONS OF INDIVIDUAL TENANTS AND THEIR FAMILIES.

THAT ALONE IS AN ENORMOUS RESPONSIBILITY. BUT YOU ARE ALSO ACTING AS TRUSTEES FOR A LARGE PROPORTION OF THIS NATION'S WEALTH AND YOU WILL CONTINUE TO DO SO IN THE YEARS AHEAD.

IN THE ENGLISH LOCAL AUTHORITIES YOU ARE MANAGING STOCK OF PROPERTIES WORTH ABOUT £80 BILLION. YOU RECEIVE IN GROSS RENT SOME £3.3 BILLION A YEAR, A RETURN OF SOME 4% ON THE VALUE OF THE STOCK. ON THE OTHER SIDE OF THE ACCOUNT YOU SPEND OVER £2 BILLION ON SUPERVISION AND MANAGEMENT AND ON REPAIR AND MAINTENANCE.

THESE ARE ENORMOUS AMOUNTS BOTH GLOBALLY AND WHEN BROKEN DOWN TO THE LOCAL LEVEL. PUBLIC HOUSING IS PROVIDED TO MEET A SOCIAL NEED BUT IT IS A VERY LARGE ASSET WHICH MUST BE MANAGED EFFICIENTLY AND ECONOMICALLY.

I DO NOT BELIEVE IT WAS EVER CONSCIOUSLY PLANNED THAT LOCAL AUTHORITIES SHOULD BECOME THE GIGANTIC LANDLORDS THAT THEY ARE TODAY. IMMEDIATELY AFTER THE SECOND WORLD WAR THE AVERAGE LOCAL AUTHORITY MANAGED 1,400 DWELLINGS. NOW THE AVERAGE SIZE IS SOME 10 TIMES THAT NUMBER, AND IN MANY CASES MUCH MORE. EVEN FOR THE AVERAGE SIZED HOUSING AUTHORITY IT IS A MASSIVE RESPONSIBILITY.

I CAN IMAGINE SOME PEOPLE SAYING "YES - THIS IS VERY TRUE. PUBLIC SECTOR HOUSING IS OF TREMENDOUS IMPORTANCE. BUT WHAT OF THE FUTURE? ISN'T THE SALE OF COUNCIL HOUSES DESTROYING OUR TRUE ROLE BY REDUCING PUBLIC SECTOR HOUSING TO THE MARGIN?"

I BELIEVE THIS IS MISCONCEIVED.

Of course I understand why housing committees and housing managers feel a twinge of regret when houses popular for letting are sold; even if in cold fact most of those houses would not have been available for letting for many years. Those who own and manage great estates of land in very different contexts from that of council housing - think of the medieval monks for example - are not usually seen to cheer when their empires begin to dissolve. Of course they believe sincerely that they have the welfare of the tenants at heart.

But I would ask you to see the sale of council houses in perspective. The English local authority and new town stock consists currently of about 4.7 million properties. Sales would need to be more than double their total to date if the stock was to drop below 4 million. While we expect them to continue strongly there is no present prospect of this happening.

It is your task and your challenge to manage this vast stock in a way which gives the customers of your service real and tangible satisfaction. If one reason why tenants want to buy is that they feel they are 'second class citizens' then part of your job is to give such good service that that feeling is no longer relevant.

PRIORITY ESTATES PROJECT

So I start from the assumption that, as far ahead as one can see, we will have an enormous public sector to manage. Our job - and I include myself as a public servant - is to manage it properly.

Every one of you has a vital role to play whether you are the Chairman or a member of a Housing Committee, a housing director or an estate officer.

Your Institute is committed to the concept of a comprehensive housing service. I am sure that is absolutely right. We have come a long way from the day when the housing manager's job was just to let the property and collect the rent. This concept applies with special force to problem estates.

You will know that my Department has been playing its part in re-assessing the style of housing management through the Priority Estates Project (PEP). Working in selected projects on tough run-down estates, we have become utterly convinced about the need for housing management to be locally based.

We claim no monopoly of this concept. Anne Power's latest report 'Local Housing Management' describes 20 estate-based projects in 19 authorities, all of which have achieved positive results. Ian Gow sent copies with a personal letter to the leader of every housing authority in England. If you have not read it may I urge you to do so? When you have read it the next step is to invite your Housing Committee to consider a report on its implications for your situation.

The essence of the approach is to make management locally accountable to the people who live on the estates. It is about devolving the control of the key management functions - repairs, supervision of estate workers, lettings, rent collection and arrears control - to the local level and offering services through a local estate office. Only then can the local housing manager grasp and cope with the small but essential details that affect each home and tenancy. This local approach enables residents to be fully consulted and involved.

In her report Anne Power found that locally-based repairs teams produced the greatest improvement in the repair service. And local control of lettings had the greatest impact on reducing the number of empty dwellings.

Some authorities argue that they can not afford estate-based teams. Yet intensive local management offers real scope for financial savings. In straightforward accounting terms, rent arrears can be reduced, and empty dwellings can be tenanted to make a direct contribution in rate and rent income. There are also major savings in reducing vandalism while localised repairs teams have been shown to be more productive.

Unfortunately many councils do not know the true costs of running and maintaining their individual estates. The costs of various services, are calculated centrally for global accounting purposes, without any breakdown by estimate. This is an issue which the Priority Estates Project will be tackling in its new phase.

Up to 100 authorities have shown interest in local management projects. But there is still much to be done to develop the model. So the Priority Estates Project will be extended for three years to 1987.

I AM GLAD TO ANNOUNCE TODAY THAT, DURING THIS PERIOD, WE WILL BE ACTING IN PARTNERSHIP WITH THE CITIES OF BIRMINGHAM, KINGSTON-UPON-HULL AND SHEFFIELD, THE METROPOLITAN BOROUGHS OF ROCHDALE AND WIGAN AND THE LONDON BOROUGH OF TOWER HAMLETS. WE HOPE TO DECIDE ABOUT FURTHER PARTICIPATION LATER THIS YEAR. THE DEPARTMENT AND ITS CONSULTANTS WILL ALSO MAINTAIN CONTACT WITH THE NUMEROUS AUTHORITIES WHICH HAVE BEEN UNDERTAKING THEIR OWN SIMILAR INITIATIVES AND WITH OTHERS WHO ARE LOOKING FOR ADVICE AND HELP TO START NEW PROJECTS.

INNER CITIES

THE PRIORITIES ESTATES PROJECT IS OF GREAT IMPORTANCE TO THE RENEWAL OF OUR INNER CITIES, BUT IT IS NOT ENOUGH.

THE INNER CITIES CONTAIN SOME OF THE WORST HOUSING IN OUR COUNTRY - AND WHICH IS A GREAT CHALLENGE TO MY DEPARTMENT.

IT IS EASY TO RECOGNISE THE SYMPTOMS VERY EASILY. INHUMAN AND VANDALISED SURROUNDINGS; EMPTY AND BOARDED-UP PREMISES; HIGH RENT ARREARS AND VERY POOR MANAGEMENT AND MAINTENANCE. THE HOUSING - AS I SAW IN LIVERPOOL - IS OFTEN HATED BY THOSE WHO HAVE LITTLE CHOICE BUT TO LIVE THERE.

MOREOVER, IN THE INNER CITIES THIS IS AGAINST A BACKGROUND THAT IS EQUALLY BLEAK.

THERE ARE EMPTY AND CRUMBLING FACTORIES AND WIDESPREAD DERELICTION.

THERE IS THE EXODUS OF THE ECONOMICALLY ACTIVE. THEY LEAVE BEHIND A CONCENTRATION OF THE RETIRED, UNEMPLOYED AND SOCIALLY DISADVANTAGED. THESE INCLUDE MANY ETHNIC GROUPS.

ALL THIS LEADS TO WIDESPREAD RESENTMENT. AT WORST IT PRODUCES RIOTS - AS IN 1981. IT MAY LEAD TO CONFRONTATION WITH CENTRAL GOVERNMENT IN MAJOR CITIES. IT ALSO SHOWS UP IN VANDALISM, BREAKDOWN OF THE TRADITIONAL COMMUNITY STRUCTURE AND OFTEN A TOLERATION OF A CRIMINAL WAY OF LIFE.

IN THE PAST THE TRADITIONAL ANSWER WAS "LET THE STATE COPE". BUT THE STATE HAS NOT COPED. DESPITE THE MASSIVE INFUSIONS OF PUBLIC MONEY, INNER CITY DECAY HAS CONTINUED.

I DO NOT BELIEVE THAT 100% MUNICIPALISATION IS THE ANSWER. A NEW APPROACH IS NEEDED IF WE ARE TO BREAK OUT OF THIS DEPRESSING CYCLE. AT THE HEART OF THIS GOVERNMENT'S APPROACH TO THE INNER CITY LIES THE PARTNERSHIP BETWEEN THE PUBLIC AND PRIVATE SECTORS. IT REPRESENTS A MARKED SHIFT IN THE EMPHASIS OF URBAN POLICY FROM EARLIER YEARS.

THE FINANCE, THE PERSONAL DRIVE, THE ENTREPRENEURIAL FLAIR AND THE ACCUMULATED WISDOM OF THE PRIVATE SECTOR MUST BE FULLY MOBILISED.

THE GOOD NEWS IS THAT THE PRIVATE SECTOR FINANCIAL INSTITUTIONS HAVE HAD THE COURAGE TO BACK UP THE NEW INITIATIVES.

WHAT HAS BEEN ACHIEVED AT MINISTER COURT, AND WHAT IS BEING ACHIEVED BY THE STOCKBRIDGE VILLAGE TRUST, ARE THE HARBINGERS OF THE TRANSFORMATION THAT COULD OVERTAKE ESTATES IN THE NEXT 10 YEARS.

IN STOCKBRIDGE A REMARKABLE TRANSFORMATION HAS BEEN BROUGHT ABOUT. THIS APPALLING OVERSPILL ESTATE WAS SOLD TO A PRIVATE TRUST JUST OVER A YEAR AGO. TODAY YOU SEE NEW PRIVATE HOUSES SOLD WITHOUT DIFFICULTY, MANY OF THEM TO PEOPLE WHO HAD ALREADY LIVED ON THE ESTATE. ATTITUDES ON THE ESTATE ARE CHANGING - CONFIDENCE IS RETURNING. INDEED NOW THAT TENANTS CAN SEE THE CHANGES TAKING PLACE, THEY WANT TO STAY IN THE WORST 4-STOREY MAISONETTE BLOCKS WHICH WERE DUE TO BE DEMOLISHED AND WHCH THEY WERE HITHERTO ONLY TOO HAPPY TO LEAVE.

ALL THIS HAS BEEN ACHIEVED BY A PARTNERSHIP INVOLVING KNOWSLEY METROPOLITAN BOROUGH, BARCLAYS BANK, THE ABBEY NATIONAL BUILDING SOCIETY AND BARRATTS.

Although conditions and opportunities vary, similar initiatives can be developed for other run-down estates.

I believe that the building societies could become, over the years, a powerful force for inner city housing improvements. There must be shifts in the pattern of ownership and management if we are to give dwellers the improved standards they must have.

But I would emphasise again - that in almost every case there has been some form of partnership between the public and private sector.

Together we must recognise that the inner city is not so much a problem as a grossly underused resource. There is unused land in our inner cities, there are unused people. The problem is to unlock these unused resources and so bring life and wealth back to our inner cities.

EMPTY DWELLINGS AND RENT ARREARS

Two characteristics of rundown estates are empty dwellings and rent arrears. However these problems apply also to a wider range of housing. How can over 100,000 empty council properties be reconciled with complaints about lack of resources to deal with the homeless? Why have rent arrears been allowed to grow to £240 millions at the end of last September when every £ of revenue shortfall must be made up out of rates or increased rent? The housing service is held responsible on both counts.

THERE ARE GOOD REASONS FOR SOME COUNCIL HOUSING BEING EMPTY FOR REASONS WITH WHICH WE ARE FAMILIAR. BUT EQUALLY MORE COUNCIL HOUSING IS BEING LEFT EMPTY AND FOR A LONGER PERIOD THAN OUGHT TO BE THE CASE.

THERE IS PLENTY OF ADVICE AVAILABLE. SHELTER'S REPORT 'HOMES WASTED' AND MY DEPARTMENT'S 'REDUCING THE NUMBER OF EMPTY DWELLINGS' GIVE PRACTICAL ADVICE ON BRINGING EMPTY PROPERTIES BACK INTO LETTING OR MAKING THEM AVAILABLE FOR SALE.

LAST YEAR WE INVITED LOCAL COUNCILS TO IDENTIFY THEIR DWELLINGS WHICH HAD BEEN EMPTY FOR MORE THAN ONE YEAR. THEIR BIDS TO BRING THESE LONG-TERM EMPTY DWELLINGS BACK INTO USE WERE TAKEN INTO ACCOUNT WHEN WE DECIDED HIP ALLOCATIONS FOR 1984-5.

WE HAVE NOW DECIDED, BASED ON ANALYSIS OF THIS HIP INFORMATION, TO HOLD CONSULTATIONS WITH THE 30 WORST AFFECTED LOCAL AUTHORITIES. WHAT I AM LOOKING FOR IS NOT ONLY MORE EFFECTIVE IMPLEMENTATION OF EXISTING INITIATIVE BUT, FRESH SOLUTIONS. I AM NOT PREPARED TO ACCEPT THAT IT IS JUST A MATTER OF RESOURCES.

LOCAL AUTHORITIES ACTUALLY HAVE MORE OPTIONS THAN THEY SOMETIMES SUPPOSE. MORE AND MORE COUNCILS ARE FINDING THAT THE BEST WAY OF BRINGING REALLY HARD TO LET HOUSES OR FLATS BACK INTO USE IS TO NEGOTIATE A SALE OF THE WHOLE BLOCK TO THE PRIVATE SECTOR. SOME COUNCILS MAKE EXTENSIVE USE OF "HOMESTEADING". THAT IS TO SAY LETTING REALLY GROTTY HOUSES OR FLATS TO TENANTS WITH A RENT FREE PERIOD SO THAT THEY CAN DO THE WORK NEEDED TO MAKE THEM NICE PLACES TO LIVE IN. SOME COUNCILS HAVE SHOWN THAT USING MSC MONEY THROUGH THE COMMUNITY REFURBISHMENT SCHEME, WHOLE BLOCKS CAN BE MADE MUCH MORE ATTRACTIVE SO THAT VACANCIES ARE FILLED MORE EASILY. SOME COUNCILS HAVE SHOWN THAT MAKING BLOCKS OF FLATS AVAILABLE TO HOUSING COOPERATIVES HAS ALMOST AN IMMEDIATE EFFECT IN HARNESSING THE ENTHUSIASMS OF TENANTS AND THEIR FAMILIES. WHEN I RECENTLY VISITED SUCH A BLOCK IN LIVERPOOL, THE SLOGAN "WE DO IT BETTER" WAS PROUDLY EMBLAZENED ABOVE THE ESTATE OFFICE DOOR.

I SIMPLY WILL NOT ACCEPT THAT AUTHORITIES WHO FOR WHATEVER REASON REFUSE TO COUNTENANCE THESE SOLUTIONS HAVE NO OPTION BUT TO CLAMOUR FOR BIGGER AND BIGGER HIPS. IT IS NOT JUST A MATTER OF RESOURCES. IT IS A MATTER OF THE WILL TO USE EVERY INSTRUMENT AVAILABLE TO US TO MAKE WHAT CAN QUITE OFTEN BE A DRAMATIC IMPROVEMENT IN THE QUALITY OF LIFE OF FAMILIES WHO LOOK TO THE LOCAL AUTHORITY FOR THEIR HOUSING NEEDS.

RENT ARREARS ARE AN EQUALLY SERIOUS PROBLEM.

IN 1980/81 RENT ARREARS IN ENGLISH HOUSING AUTHORITIES CAME TO LESS THAN £100M. THE AUDIT COMMISSION HAS NOW ESTIMATED THE HALF YEAR TOTAL FOR SEPTEMBER 1983 AS £240M. NO-ONE CONCERNED WITH PUBLIC ACCOUNTABILITY CAN EASILY CONTEMPLATE THESE FIGURES.

AS JOHN BANHAM HAS POINTED OUT THE SUM INVOLVED

"REPRESENTS THE EQUIVALENT NEEDED TO BUILD MORE THAN 10,000 HOMES WHICH IN TURN WOULD CREATE ABOUT 20,000 JOBS IN THE BUILDING AND CONSTRUCTION INDUSTRY."

THE REPORT BY THE AUDIT COMMISSION ("BRINGING COUNCIL TENANTS' RENT ARREARS UNDER CONTROL") EMPHASISES THAT THE QUALITY OF MANAGEMENT PERFORMANCE IS THE MOST IMPORTANT FACTOR OF ALL.

I APPRECIATE THAT THE DIFFICULTIES IN RECOVERING MANY OF THE LARGER ARREARS. WHEN TENANTS OWE MORE THAN, SAY, £200, SOME TEND TO GIVE UP TRYING TO PAY OFF THE ARREARS.

THE KEY TASK OF HOUSING MANAGEMENT IS TO PREVENT THIS SITUATION ARISING IN THE FIRST PLACE.

THE AUDIT COMMISSION RECOMMENDED THE DECENTRALISATION OF HOUSING MANAGEMENT, TO WHICH I HAVE REFERRED EARLIER.

UP TO DATE FINANCIAL INFORMATION IS ALSO VITAL. TENANTS NEED TO KNOW THEIR PRECISE RENT PAYMENT POSITION AND HOUSING STAFF CANNOT RECOVER MONEY UNLESS THEY KNOW WHO OWES WHAT AMOUNTS. YET SOME INFORMATION SYSTEMS STILL FAIL TO DELIVER THIS KIND OF BASIC INFORMATION IN THE FORM AND TO THE TIMETABLE REQUIRED BY THOSE MOST CONCERNED.

HOUSING AND BUILDING CONTROL ACT 1984

GOOD HOUSING MANAGEMENT IS THE KEY NOT ONLY TO RENT ARREARS BUT TO THE IMPLEMENTATION OF THE HOUSING AND BUILDING CONTROL ACT.

TWO OF THE MAIN PROVISIONS AFFECTING HOUSING MANAGEMENT ARE THE RIGHT TO REPAIR AND THE RIGHT TO EXHCANGE.

HOUSING MANAGERS KNOW THAT LANDLORDS' REPAIRS ARE THE MOST COMMON CAUSE OF COMPLAINT BY TENANTS. THIS HAS PRODUCED A CONSENSUS IN PARLIAMENT THAT TENANTS SHOULD HAVE A RIGHT TO REPAIR. THE DEPARTMENT'S CONSULTATION LAST AUTUMN RESULTED IN MANY DIFFERING VIEWS INCLUDING A SUBSTANTIAL CONTRIBUTION FROM YOUR OWN INSTITUTE.

WE PLAN SHORTLY TO PUT OUT DRAFT REGULATIONS (AND I STRESS DRAFT) TO GIVE EFFECT TO THE RIGHT TO REPAIR. THERE WILL THEN BE FURTHER CONSULTATION BEFORE THEY ARE LAID BEFORE PARLIAMENT. I ENVISAGE A PERIOD OF NOT LESS THAN 3 MONTHS BETWEEN FINALLY MAKING THE REGULATIONS AND THE START DATE OF THE SCHEME, BUT WE SHALL BE ASKING FOR YOUR VIEWS ON THE TIME NEEDED.

THE SECURE TENANTS RIGHT TO EXCHANGE DOES NOT DEPEND ON REGULATIONS AND WILL COME INTO FORCE ON (26 AUGUST). PUBLIC SECTOR TENANTS ENJOY LESS OPPORTUNITY TO MOVE HOME THAN PEOPLE IN ANY OTHER SECTOR. THAT IS WHY WE HAVE INTRODUCED A STATUTORY RIGHT TO EXCHANGE. FROM (26 AUGUST) TENANTS WILL BE ENTITLED TO EXCHANGE AS OF RIGHT AND LANDLORDS WILL ONLY BE ABLE TO REFUSE EXCHANGES WHERE THERE IS GOOD REASON TO DO SO, ON THE GROUNDS SPECIFIED IN THE LEGISLATION.

PUBLIC EXPENDITURE

THE INTRODUCTION OF THESE TENANTS' RIGHTS HAS COINCIDED WITH A NEW WORRY. OR, PERHAPS I SHOULD SAY, AN OLD WORRY REVIVED. I REFER TO THIS YEAR'S CAPITAL SPENDING.

THERE HAS ALREADY BEEN SPECULATION THAT CAPITAL SPENDING THIS YEAR MIGHT EXCEED THE CASH LIMIT AND THAT THE GOVERNMENT MIGHT BE CONSIDERING COUNTER-MEASURES. I WILL THEREFORE RE-ITERATE WHAT I SAID TO THE REPRESENTATIVES OF THE LOCAL AUTHORITY ASSOCIATIONS AT THE HOUSING CONSULTATIVE COUNCIL MEETING LAST WEEK.

WE HAVE ASKED AUTHORITIES TO TELL US WHAT ARE THEIR CAPITAL SPENDING INTENTIONS THIS YEAR. THE REPLIES ARE STILL COMING IN. IT IS TOO SOON TO SAY WHETHER ANY CORRECTIVE ACTION MAY BE NEEDED IN 1984-85 AND IF SO, WHAT IT MIGHT BE. WE DO NOT WANT TO TAKE ANY MORE ACTION THAN NECESSARY. I UNDERSTAND AND SHARE THE CONCERN OF LOCAL AUTHORITIES TO AVOID IF AT ALL POSSIBLE ANOTHER 'STOP/GO' CYCLE. BUT IF THERE <u>IS</u> A SERIOUS RISK TO THE CASH LIMIT THEN ACTION WILL HAVE TO BE TAKEN TO PROTECT IT.

WHAT THIS ISSUE DOES UNDERLINE IS THAT PUBLIC EXPENDITURE CONSTRAINTS WILL CONTINUE TO DOMINATE THE FUTURE AS IT HAS THE PAST. I WOULD PREDICT THAT THE NEXT DECADE WILL SEE NO LET UP IN THE STRUGGLE TO HOLD DOWN PUBLIC SPENDING, AS THE OIL REVENUESBEGIN TO DECLINE AND AS THE NEEDS OF THE WELFARE STATE CONTINUE TO PRESS IN ON US.

PUBLIC HOUSING HAS BORNE THE BRUNT OF EXPENDITURE CUTS UNDER GOVERNMENTS OF BOTH PARTIES AND THIS HAS MEANT THAT HOUSING PRIORITIES HAVE HAD TO BE DEFINED WITH MORE THAN USUAL CARE.

MY JUDGEMENT IS THAT THE MAIN EMPHASIS WITHIN TODAY'S TIGHTLY CONSTRAINED RESOURCES SHOULD BE ON PROVISION FOR THOSE IN SPECIAL NEED, PARTICULARLY THE ELDERLY AND THE DISABLED.

I RECOGNISE THAT THERE ARE OTHER CATEGORIES IN SPECIAL HOUSING NEED, BUT OFTEN THERE WILL BE MORE CHANCE OF MEETING THOSE NEEDS THROUGH RELETTING OF THE EXISTING STOCK.

I DO NOT HOWEVER SEE ANY CASE AT PRESENT FOR THE SORT OF LARGE SCALE BUILDING PROGRAMME FOR GENERAL NEEDS WHICH CHARACTERISED THE FIRST 3 POST-WAR DECADES. NOR DO I SEE ANY NEED FOR PROVIDING EXTRA PUBLIC SECTOR HOUSING REGARDLESS OF INDIVIDUALS' ABILITY TO FIND AND AFFORD HOUSING IN THE PRIVATE SECTOR. BUT IT IS EQUALLY CLEAR THAT FOR A LONG TIME THERE WILL BE A REQUIREMENT FOR VERY SUBSTANTIAL NUMBERS OF HOMES TO RENT AND THAT UNLESS AND UNTIL THERE IS A SIGNIFICANT REVIVAL OF THE PRIVATE RENTED SECTOR, INCLUDING HOUSING ASSOCIATIONS, THE PUBLIC SECTOR MUST REMAIN THE CHIEF PROVIDER.

CONCLUSION

MADAM PRESIDENT, THE KEYNOTE OF MY SPEECH HAS BEEN THE DEPENDENCE OF SUCCESSFUL HOUSING MANAGEMENT ON LOCAL KNOWLEDGE AND LOCAL RESPONSIBILITY. STRATEGIC DECISIONS ON RESOURCE ALLOCATION ARE A MATTER FOR THE LOCAL AUTHORITY ITSELF, BUT THAT IN TURN MUST DEPEND ON THOSE WHO RUN THE HOUSING ON THE DAY-TO-DAY LEVEL. THEY ARE IN THE BEST POSITION TO KNOW THE NEEDS AND DESIRES OF THEIR TENANTS. THEY ALSO HAVE A DETAILED KNOWLEDGE OF THE STOCK ITSELF. UNLESS MANAGEMENT IS BASED ON DIRECT KNOWLEDGE OF INDIVIDUAL TENANTS AND DWELLINGS, DECISIONS WILL BE INSENSITIVE TO REAL ASPIRATIONS AND NEEDS, AND THE SERVICE WILL BE IMPERSONAL, REMOTE AND INEFFICIENT.

HOWEVER GOOD THEIR EXISTING SERVICES, I DOUBT IF ANYONE CAN PUT THEIR HANDS ON THEIR HEARTS AND SAY THAT THEIR COUNCIL'S PERFORMANCE CANNOT BE IMPROVED.

THE GRANT OF A ROYAL CHARTER WILL GIVE STILL GREATER PRESTIGE TO THE INSTITUTE AS IT MEETS NEW CHALLENGES AND ENHANCES PROFESSIONAL STANDARDS. I CONGRATULATE IT, AND WISH IT WELL FOR THE FUTURE.

Housing Pt 4 Policy

with AT

Rose - pl let me have a copy

Mr Fairbairn

File

CC NO

I am sure this campaign can be justified and how the legislation is on the Statute Book.

There is no comparison with GLC spending. This is money spent on advising tenants on their rights and opportunities resulting from legislation

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

cc BI Any views)

AF

17/7

Minister for Housing and Construction

17 July 1984

Dear Andrew, 19/7

HOUSING AND BUILDING CONTROL ACT 1984

The housing provisions of the new Act will come into force on 26 August. They will extend the 'right to buy' scheme and give tenants other important new rights. My Minister believes that they should be given wide publicity and this letter is to let the Prime Minister know of his proposals.

In addition to TV and press advertising we propose to arrange a national 'mail drop' to council tenants. Each tenant would receive a letter from Ian Gow and two booklets, one about the right to buy scheme and one about tenants' rights. We could expect to reach at least 80% of all council tenants in this way.

The TV advertising and mail distribution would run side by side for two weeks from 11 September, on which day the Minister will launch the publicity campaign at a press conference. Press advertising would follow.

The additional cost of the 'mail drop' - i.e. over and above what we should have to spend in any case on explanatory booklets etc - is put at some £400,000 (as compared with £550,000 for the TV advertising). Ministers believe it will be a highly cost-effective way of getting the information across.

There is a risk of adverse criticism, particularly against the background of the Government's own criticism of advertising for political purposes by the GLC and the Metropolitan County Councils. But we believe that it could be answered effectively by pointing to the need to inform tenants of their important new rights and the uncertainty about their existing rights due to active or passive hostility from their landlords in some cases.

I should be grateful to know if the Prime Minister approves a campaign on these lines. Christopher Monckton has seen the TV commercial and the text of the booklet in draft form. The breakdown of the costs of the campaign and the earlier ones are shown in the enclosed schedules.

I am sending copies of this letter to the Private Secretaries to the Secretary of State for Scotland and Wales and to the Lord Privy Seal.

Yours sincerely,

Paul Britton

P J J BRITTON
Private Secretary

Andrew Turnbull Esq

2F

ANNEX A

RTB CAMPAIGN 1984: ESTIMATE OF COSTS

	£	£
1. National television (including production of commercial estimated @ £78,000)	544,000	
2. National press advertising, including production	48,000	
3. Regional press advertising, including production	17,000	609,000
4. Mail drop comprising		
a) printing 4½ million RTB booklets	247,000	
b) printing 4½ million Tenants' Charter booklets	125,000	
c) printing 4½ million Minister's letters	42,000*	
d) collating, vacuum sealing & packaging (in units of 200)	140,000	
e) distributing door-to-door to council homes in England and Wales	120,000	
f) COI charges for design, artwork, typesetting and co-ordinating above printed material	15,000	689,000
5. Additional printing of 500,000 copies each of the RTB and Tenants' Charter booklets for distribution to local authorities and store at Ruislip	27,000 (RTB) 14,000 (TC)	41,000
. Monitoring the campaign		20,000
		1,359,000

* This provision includes approximately £3,000 for producing a letter from the Welsh Minister to include in the drop to council homes in Wales. Welsh Office are almost certainly prepared to meet this cost from their own funds.

produced by Information Directorate
11 July 1984

ANNEX B

There have been 3 RTB campaigns:

1980/81	October press	195,000	
	TV	307,000	
	coupons	28,000	
	March - press	125,000	655,000
1981/82	Carry over from previous year	18,000	
	March - press	72,000	
	TV	145,000	
	coupons	4,000	239,000
1982/83	April press	48,000	
	TV	40,000	
	Coupons	4,000	92,000

total £986,000

produced by ID on 12 July 1984

Housing Policy
Right to Buy

Prime Minister (2)

Ian Gow proposes to spend £1·3 million on a major campaign to publicize Right To Buy. With the legislation on the Statute Book, this expenditure is entirely justifiable, advising tenants of their rights.

cc NO

cc BI Any views?

AT 17/7

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

Minister for Housing and Construction

AT 19/7

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		total	£986,000

produced by ID on 12 July 1984

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file ECL

bc JR

10 DOWNING STREET

From the Private Secretary

9 July 1984

PUBLIC LAND REGISTERS

The Prime Minister has seen the Financial Secretary's letter to Mr Macfarlane of 5 July and welcomes the efforts being made to speed up the sale of all land held by the public sector and not just that held by local authorities. The Prime Minister noted in particular that Government Departments hold something like 500 unused sites. Following the Financial Secretary's meeting with Mr Macfarlane, she would welcome a report on which Departments hold this land and what is being done to accelerate its sale.

BX/

I am copying this letter to David Peretz (Chancellor's Office), Andrew Hudson (Financial Secretary's Office) and Sue Faulkner (Neil Macfarlane's Office).

Andrew Turnbull

John Ballard, Esq.,
Department of the Environment

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Treasury Chambers, Parliament Street, SW1P 3AG

Neil MacFarlane Esq MP
Parliamentary Under Secretary of State
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

5 July 1984

Dear Neil,

PUBLIC LAND REGISTERS

The Prime Minister's Private Secretary has written to Patrick Jenkin's recording the Prime Minister's concern to speed up sales of derelict and surplus land and unoccupied housing held by local authorities, and asking for comments on suggestions for taking this forward.

As it happens, I was about to write to you on the wider subject of the public land registers. Having looked recently at the figures relating to the disposal, or bringing into use, of registered public land holdings, I am disappointed that faster progress has not been made. This is, of course, a difficult area, and I would welcome the opportunity to discuss with you the problems involved and the ways in which they might be overcome. The comments which you will be providing for the Prime Minister on what can be done about surplus land held by local authorities will be helpful, but the nationalised industries and statutory undertakings are also registered holders of a significant amount of unused or under-used land, and have made the least satisfactory progress. Government Departments have something like 500 unused sites.

I am not at all clear whether the main problem is a reluctance on the part of the owners to dispose of holdings or a lack of interest by developers, or a combination of both. The approach which your department made some months ago to the owners of sites with development potential may have helped to identify the problems, and I should be interested to know what came of that. The general question of 'direction' under the Local Government Planning and Land Act is an aspect which we could usefully discuss.

If you are content to have a meeting, perhaps our offices could arrange a suitable date.

I am copying this to the Prime Minister.

JOHN MOORE

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DSG

file

cc: Mr. Redwood

10 DOWNING STREET

From the Private Secretary

3 July 1984

DERELICT LAND AND URBAN HOUSING

The Prime Minister is concerned to speed up sales of derelict and surplus land and unoccupied housing held by local authorities. She would be grateful for comments on the suggestions set out in the attached note.

I am copying this letter and enclosure to John Gieve (Chief Secretary's Office, HM Treasury).

Andrew Turnbull

John Ballard, Esq.,
Department of the Environment.

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Policy Unit draft -

3 July 1984

DERELICT LAND AND URBAN HOUSING

1. Could housebuilders and developers be given an encouragement to hunt through the registers and identify that land which their members want to build on, but which is not being made available? The Secretary of State could then use his powers to encourage more enforced disposal.

2. Could the DoE arrange a timetable of auctions for land on the registers, if local authorities fail to sell within a reasonable time period? The auctions would have to be so arranged that a local land market is not swamped by making an unduly large amount available. We should not worry if some of the land is auctioned off at a very low price, as long as it is going to be used.

3. Would it help if the DoE set out in a clear simple circular to the local authorities guidance on how to encourage land sales?

4. Would it help if more publicity were given both to the succeses of renovation of tower blocks and other run-down inner city housing, and to the obstruction

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of some local authorities who stand in the way of dealing with the problem? For example, the Barratts redevelopment of Minster Court in Liverpool, and the Cantril Farm estate in Knowsley, are successes which could be better advertised; while the refusal of Glasgow to allow Barratts to take on three large tower blocks which are standing empty could be made more of.

5. Would it help if the DoE set up an action line to a senior official, so that any commercial developer who felt that public bodies had rejected an offer for property without good reason, could get a fair hearing and have his complaint pursued vigorously? This would also help the DoE obtain information on the nature of the wasteland problem, and on when and where to use their powers.

These principles could also be extended to the auction of empty houses. A large number of inner city councils hold a large number of empty houses, allegedly for redevelopment. In practice the houses stay tinned-up for years, whilst many people in the locality are without access to the kind of housing they want and can afford. Could the DoE draw more attention to the scandal of unused houses? And could it consider taking powers to back up its exhortation to enforce sale of empty house property? Where the property is in a very bad state of repair and unlikely to be used by the

public sector, it would be desirable to sell it in auction to a private sector developer, or at a low price to somebody in need of a house who is prepared to do it up.

[Continuation from column 568]

Housing Defects Bill

Amendments made: No. 7, in page 3, line 17, leave out from '*(b)*' to 'on' in line 18.

No. 8, in page 3, line 18, leave out 'he' and insert 'that person'.

No. 9, in page 3, line 20, leave out from 'defect' to first 'the' in line 21 and insert '*(bb)*'.—*[Mr. Gow.]*

Mr. Ancram: I beg to move amendment No. 10, in page 3, line 28, leave out from 'if' to end of line 31 and insert

'the appropriate authority are of the opinion that—

(a) work to the building that consists of or includes the dwelling has been carried out in order to deal with the qualifying defect, and

(b) on the completion of the work, no further work relating to the dwelling was required to be done to the building in order to deal satisfactorily with the qualifying defect.'.

Mr. Speaker: With this it will be convenient to take Government amendment No. 21 and amendment No. 22, in clause 3, page 6, line 3, leave out paragraphs *(a)* and *(b)* and insert 'the work'.

Mr. Ancram: This is essentially a technical amendment to recast clause 2(4). It is designed to make the subsection more readily understandable and effective and to prevent the absurdity of a person whose dwelling is properly reinstated being able to pursue a new application to the point where the appropriate authority has to determine whether conditions in clause 3 or clause 4 have been met.

Government amendment No. 21 proposes modifications to clause 3(7). The purpose of the amendment is to clarify and, in one respect, tighten, the drafting of clause 3(7). I do not wish to anticipate what Labour Members may wish to say in favour of amendment No. 22. However, its effect, if agreed to, would be the complete opposite of what the Government are trying to achieve. It would create ambiguity and uncertainty about the extent of the work whereas we are trying more clearly to provide a definition. In the light of my remarks, I hope that the House will accept the Government's amendment.

Amendment agreed to.

The Parliamentary Under-Secretary of State for Wales (Mr. Wyn Roberts): I beg to move amendment No. 11, in page 3, line 32, at beginning insert

'In this Act, references to a disposal, except in paragraph 2 of Schedule 2, include references to a part disposal; but'.

Mr. Speaker: With this it will be convenient to take Government amendments Nos. 12, 13 and 74.

Mr. Roberts: These are essentially drafting amendments. Under clauses 2(2)*(a)* one of the basic criteria establishing eligibility for assistance under the scheme is that there must have been a disposal by a public sector authority of a relevant interest in the defective dwelling before the cut-off date. The fact that a reference to a disposal includes a reference to a part disposal is tucked away in clause 19. We think that it would be more helpful if that meaning were apparent in clause 2, which sets out the criteria for eligibility.

Amendment agreed to.

Amendments made: No. 12, in page 4, line 6, leave out 'of' and insert 'on which'.

No. 13, in page 4, line 8, after 'subsists', insert 'was acquired'.—*[Mr. Wyn Roberts.]*

Clause 3

ENTITLEMENT TO REINSTATEMENT GRANT OR REPURCHASE

Mr. Ancram: I beg to move amendment No. 14, in page 4, line 37, at beginning insert

'Subject to subsection (8) below'.

Mr. Speaker: With this it will be convenient to take Government amendment No. 24.

Mr. Ancram: These are minor drafting amendments.

Amendment agreed to.

Amendment made: No. 15, in page 4, line 37 *[Clause 3]*, leave out 'they are satisfied that'.—*[Mr. Ancram.]*

Mr. Wyn Roberts: I beg to move amendment No. 16, in page 5, line 1, leave out from 'determination' to end of line 8 and insert

'the applicant is entitled to assistance by way of reinstatement grant if—

(a) the authority are satisfied that each of the conditions mentioned in subsection (4) below is met, and

(b) subsection (5) below does not apply in his case,

and in any other case he is entitled to assistance by way of repurchase.'.

This is essentially a drafting amendment to achieve a simpler statement of the circumstances in which repurchase is the appropriate form of assistance. The amendment will be helpful to those who administer these provisions.

Mr. Tony Durant (Reading, West): The amendment applies to properties which could not be given a 30-year life following remedial works. In such circumstances repairs are uneconomic. Under the Bill, the suggested course of action is that local authorities should buy the properties back. The local authority in my constituency is concerned that one property in a row of houses might be so defective that it proves necessary to pull it down. Those living in the houses on either side of the house that is demolished will not know whether the property was sold on compassionate grounds because the occupant had to move somewhere else or whether it was in such a bad state that the council bought it back following a request from the tenant.

When circulars are issued on this matter I urge that the owners on either side of the property that is bought back should know why the property has been sold. They should know that it is in such a bad condition that it cannot be repaired. The demolition of the house will have an effect on their property. If it is pulled down and there is an empty space between the houses on either side of the demolished property, the walls of the remaining houses might be affected. There are many technical matters to be taken into consideration. It may not be necessary for repairs to be carried out to the remaining houses on either side of the demolished property but the demolition could have an effect on the owners of the adjoining properties and they should know about it.

Mr. Gow: In connection with any advice which the Department gives to local authorities, we shall certainly consider my hon. Friend's point most carefully.

[Mr. Gow]

Amendment agreed to.

10.15 pm

Mr. Craigen: I beg to move amendment No. 17, in page 5, line 18, after 'individual', insert
'and his successors in title'.

Mr. Speaker: With this it will be convenient to take the following amendments: No. 18, in page 5, line 20, leave out 'on satisfactory terms' and insert
'for a period of not less than 20 years'.

No. 19, in page 5, line 21, leave out 'lending institution' and insert 'building society'.

No. 20, in page 5, line 35, at end insert—

'*(e)* The applicant obtains a reliable guarantee for the quality and performance of the work required for a period of not less than 20 years based on a survey by a competent surveyor or structural engineer'.

No. 36, in clause 5, page 8, line 28, at end insert
'save that on completion of the work the applicant obtains a reliable guarantee for the quality and performance of the work for a period of not less than 20 years based on a survey by a competent surveyor or structural engineer.'.

Mr. Craigen: I have been reminded that today is the longest day of the year. I have no wish to prolong the debate, and I am sure that Ministers will accept that these amendments are in the interests of value for money.

It is essential that, when the remedial work is carried out, there should be some guarantee of the longevity of PRC houses. I noted earlier the remarks of the Minister for Housing and Construction about his discussions with the building societies. Amendments Nos. 18 and 19 involve the building societies. They deal with the length of mortgages, and with the lending facility. The building societies might be a safer bet, in respect of the purposes for which the amendments were designed.

Amendments Nos. 20 and 36 are concerned with the professional way in which the work is to be carried out and guaranteed. Proper surveying and building works must be carried out, as I am sure that the Minister will accept that the degradation of concrete has sometimes occurred because of lack of diligence on the part of a clerk of works or because of a fault in the specification, rather than because of the Nature of the concrete. I hope therefore that the Minister will accept that some guarantee should be required by the public authorities in order to ensure that the houses will have a suitably long life after the remedial work is done.

Mr. Durant: The amendments are at fault for two reasons, although I have great sympathy with their motivation. The cost of such surveys would be pretty high, and, as we have heard, the local authorities already have cost problems to cope with. The
"guarantee for the quality and performance of the work"
for a fixed period would put freehold property in the same position as leasehold property, in that when the guarantee ran out the value would immediately drop. The question of a guarantee or certificate or some other form of documentation is important, and I support the general tenor of the amendments.

When speaking on an earlier amendment, the Minister referred to the building societies and the possibility of some system of warranty. I believe that that is what is required. I referred to this question on Second Reading. I hope that the Minister accepts that it is an important point. Someone may wish to stay in his house for a while. As the hon. Member for Truro (Mr. Penhaligon) has said, not everyone will wish to rush away from the property, and not all the properties are in a bad state. Someone might wish to move after perhaps ten years. They might have had the work done, so everything is in order, but all the people who did the work might have left—or they cannot be found—and all the people in the council offices might be new, so there is no evidence to give a potential purchaser any confidence that the building has been done. I do not accept amendment No. 16, but I support the motivation behind it.

Mr. Gow: In Committee, the hon. Members for Glasgow, Maryhill (Mr. Craigen) and for Norwood (Mr. Fraser) raised this point, as did my hon. Friend the Member for Reading, West (Mr. Durant) on Second Reading. The House will know that the Government proposed that the main form of assistance under the Bill should be grant-aid towards the cost of reinstating the defective dwelling whenever the dwelling concerned could be repaired satisfactorily. The House will also understand that the key requirement if reinstatement is to be an effective means of assistance must be to ensure that the owner of the house can sell the house after it has been repaired at a defect-free value.

Without such an assurance of the property being mortgageable after repair, the problem that confronts the private owner today will remain unsolved. We have therefore provided that unless the authority that makes a grant is satisfied that, following completion of the reinstatement work, the house would be likely to be mortgageable in the private sector the owner will have the right to ask that the local authority buy the house.

We are trying to establish a test of how the dwelling would fare on the open market immediately after repair. Marketability depends to a large extent on mortgageability, and the test is cast in the form of whether the main private sector bodies that lend for house purchase would be likely to accept the freehold of the repaired house as security for a loan on the terms that mortgagees normally regard as satisfactory.

Mr. Craigen: Has the Minister discussed this matter with the building societies and got their view on the objective that I have tried to put across?

Mr. Gow: We have indeed had discussions with the building societies and with the National House Building Council. The discussions are continuing. I said in response to an intervention by the right hon. Member for Plymouth, Devonport (Dr. Owen) that we hope that, as a result of the discussions on which we are now engaged with the building societies, there will be a satisfactory solution that will give a real prospect in many cases of mortgageability being possible for the majority of people who are likely to want to remain in their present houses.

Amendment No. 17 is based on a misunderstanding. The authority concerned must make a decision as to whether assistance should be through reinstatement grant or through repurchase. It must make that decision when it considers the application. It is the mortgageability of the dwelling in its repaired state immediately after repair that the authority must take into account. When deciding whether the building will be mortgageable after repair, the authority should take into account the views of the lending institutions at that time. There is no logic in asking an

authority to try to predict whether those institutions will lend on the security of the property in 20 or 30 years' time. However, building societies, when deciding whether to lend, take into account whether the dwelling is likely to be a marketable asset at the end of the mortgage term. In that sense, the position is already taken into account in the provision as drafted. For those reasons, I hope that the hon. Gentleman will not press his amendment.

Mr. Fraser: We are trying to be constructive, as the Minister knows. If an adequate guarantee scheme of one kind or another is given, that will not be more satisfactory to owners and will save the Government much expense. Those savings could be used for other housing purposes and should not go back to the Treasury.

One of the most helpful ways in which we could deal with this matter is for, say, the National House Builders Council to give a guarantee analagous to those given for newly constructed houses, backed by its insurance arrangements and enduring for 30 years instead of the usual 10 years.

If the Minister can achieve that and if it is acceptable to the building societies, it will go a long way towards underwriting the market and underwriting confidence in the houses that are not beyond repair, where it is a case of repair to minor rather than major defects. We would be very happy to hear the Minister say that he is aiding that sort of settlement.

Mr. Gow: Perhaps I could repeat what I said to the House in reply to the intervention by the hon. Member for Truro (Mr. Penhaligon). We have been and still are in discussions with the Building Societies Association and the National House Builders Council about a proposal that the council should operate a scheme for improving requirements or methods of repair of PRC houses and provide a warranty similar to that offered by the NHBC in respect of new houses built by the private sector.

If we are able to bring these discussions to a successful conclusion, it would meet the underlying purpose of the amendments, which I fully understand. But I have to say that the NHBC's guarantee, as the right hon. Gentleman well knows, is for 10 years and not for the longer period that he mentioned.

Amendment negatived.

Amendments made: No 21, in page 6, line 1 leave out from 'Act' to end of line 15 and insert—

'*(a)* the work required to reinstate a defective dwelling is the work relating to the dwelling that is required to be done to the building that consists of or includes the dwelling in order to deal satisfactorily with the qualifying defect, and

(b) where there is work falling within paragraph *(a)* above, the work required to reinstate the defective dwelling includes—

(i) any work required, in order to deal satisfactorily with the qualifying defect, to be done to any garage or outhouse designed or constructed as that building is designed or constructed, being a garage or outhouse in which the interest of person eligible for assistance subsists and which is occupied with and used for the purposes of the dwelling or any part of it, and

(ii) any other work reasonably required in connection with work falling within paragraph *(a)* above or this paragraph.'.

No. 23, in page 6, line 38, at end insert—

'(9A) Where a person who is eligible for assistance in respect of a defective dwelling dies or disposes of his interest in the dwelling to a person to whom section 2 of this Act applies (otherwise than on a disposal for value), this Act shall apply as if anything done or treated by virtue of this subsection as done by or in relation to the person so eligible had been done by or in relation to his personal representatives or as the case may be, the person acquiring the interest.'.—*[Mr. Gow.]*

Clause 4

NOTICE OF DETERMINATION

Amendment made: No. 24, in page 7, line 1, after 'application' insert

'which they are required to entertain'.—*[Mr. Gow.]*

Mr. Roberts: I beg to move amendment No. 25, in page 7, line 4, leave out *'(a)'*.

Mr. Speaker: With this it will be convenient to take Government amendments Nos. 27 and 30.

Mr. Roberts: These are drafting amendments to improve comprehension of the procedures that the local authority has to follow under clause 4.

Amendment agreed to.

Amendments made: No. 26, in page 7, line 4, leave out 'they are satisfied that' and insert 'in their opinion'.

No. 27, in page 7, line 6, leave out *'(b)'* and insert 'also —*(a)*'.

No. 28, in page 7, line 6, leave out 'not satisfied' and insert 'of the opinion'.

No. 29, in page 7, line 6, after 'is', insert 'not'.

No. 30, in page 7, line 8, leave out 'and' and insert *'(b)'*.

No. 31, in page 7, line 8, leave out 'so satisfied' and insert

'of the opinion that he is so eligible'.

No. 32, in page 7, line 10, leave out 'satisfied that the applicant' and insert

'required to entertain an application from an applicant who'.

—*[Mr. Gow.]*

Mr. Ancram: I beg to move amendment No. 33, in page 7, line 37, leave out 'and (2)' and insert

'(3) and (6A) (except paragraph *(b)*), or'.

Mr. Speaker: With this it will be convenient to take Government amendments Nos. 34, 38, 40, 42, 43, 53, 56, 59, 64, 65, 86 and 90.

Mr. Ancram: The purpose of these amendments is to provide for an extension of the six-month time limit within which, under clauses 6(6) or 7(5) a person entitled to assistance by way of repurchase may require the authority to enter into an agreement for the repurchase on the terms and conditions previously agreed or determined.

The extension is similar to that currently provided by clauses 6(2) and 6(1). In addition, in Scotland there are time limits applying to the person entitled to assistance in clauses 7(3) and 7(4) relating to a request to the authority to strike out or vary conditions. These are dealt with in amendment No. 56 to allow extension of that period.

Amendment agreed to.

Amendments made: No. 34, in page 7, line 38, leave out

'6(3) or, as the case may be, 7(1)'

and insert

'7(1), (2) and (5A) (except paragraphs *(b)* to *(d)*)'.

No. 35, in page 8, line 3, leave out subsection (6).

—*[Mr. Gow.]*

Clause 6

REPURCHASE

Mr. Gow: I beg to move amendment No. 37, in page 9, line 3, leave out 'in the defective dwelling' and insert 'so far as subsisting in the defective dwelling and any garage, outhouse, garden, yard and appurtenances occupied and used for the purposes of the dwelling or any part of it (in this section referred to as the "interest to be acquired").'.

Mr. Speaker: With this it will be convenient to take Government amendments Nos. 39, 41, 44 to 49, 57, 58 and 87.

Mr. Gow: The purpose of this group of amendments is to clarify what land must be acquired by the appropriate authority on repurchase. I commend the amendments to the House.

Amendment agreed to.

Amendments made: No. 38 in page 9, leave out lines 4 to 8.

No. 39, in page 9, line 13, after 'interest', insert 'to be acquired'.

No. 40, in page 9, line 14, after '(6)', insert 'and (6A) (except paragraph *(a)*)'.

No. 41, in page 9, line 16, leave out 'of the person so entitled' and insert 'to be acquired'.

No. 42, in page 9, line 27, after 'agreement', insert '(or within that period as extended)'.

No. 43, in page 9, line 29, at end insert—

'(6A) The authority shall, if there are reasonable grounds for doing so, by notice in writing served on the person so entitled, extend (or further extend)—

('a) the period within which under subsection (1) above he may make a request under that subsection; and

(b) the period within which under subsection (6) above he may notify them of his requirement;

whether or not the period in question has expired.'.

No. 44, in page 9, leave out lines 33 to 40.

No. 45, in page 10, line 1, leave out from beginning to end of line 4 and insert

'This section does not apply to Scotland.'.—*[Mr. Gow.]*

Clause 7

REPURCHASE IN SCOTLAND

Amendments made: No. 46, in page 10, line 5, leave out from beginning to 'shall' in line 6 and insert—

'A person who is entitled to assistance by way of repurchase in respect of a defective dwelling may, within the period of three months beginning with the service of the authority's notice under section 4(2) of this Act (or within that period as extended) request the authority in writing to notify him of the proposed terms and conditions for their acquisition of his interest so far as subsisting in the defective dwelling and any garage, outhouse, garden, yard and pertinents belonging to or usually enjoyed with the dwelling or any part of it (in this section referred to as the "interest to be acquired").

(1A An authority receiving a request under subsection (1) above'.

No. 47, in page 10, line 9, after 'interest', insert 'to be acquired'.

No. 48, in page 10, line 12, leave out 'of the person so entitled' and insert 'to be acquired'.

No. 49, in page 10, line 14, leave out 'the defective dwelling' and insert 'it'.

No. 50, in page 10, line 16, after 'a', insert 'term or '.

No. 51, in page 10, line 18, after second 'the', insert 'term or'.

No. 52, in page 10, line 25, after 'a' insert 'term or'.

No. 53, in page 10, line 27, leave out from 'mouth' to first 'of' in line 29.

No. 54, in page 10, line 31, after second 'the', insert 'term or'.

No. 55, in page 10, line 33, after 'terms', insert 'or conditions'.

No. 56, in page 10, line 42, at end insert —

'(5A) The authority shall, if there are reasonable grounds for doing so, by notice in writing served on the person so entitled, extend (or further extend) the period within which—

(a) under subsection (1) above he may request them to notify him of the terms and conditions proposed for their acquisition of the interest to be acquired;

(b) under subsection (3) above he may request them to strike out or vary the term or condition;

(c) under subsection (4) above he may apply to the sheriff for determination of a matter;

(d) under subsection (5) above he may serve a notice of acceptance on them;

whether or not the period has expired.'.

No. 57, in page 11, line 3, at end insert—

'(6A) Part I of Schedule 2 to this Act (except paragraph 4) has effect to supplement the provisions of this section'.

No. 58, in page 11, leave out lines 4 to 10.—*[Mr. Ancram.]*

Clause 8

SECURE TENANCIES

Amendment made: No. 59, in page 12, line 33, leave out '7(1)' and insert '7(1A)'—*[Mr. Gow.]*

Clause 9

COSTS INCIDENTAL TO APPLICATIONS FOR ASSISTANCE

Mr. Wyn Roberts: I beg to move amendment No. 60, in page 13, line 34, leave out from 'of' to end of line 38 and insert—

(a) any expenses in respect of legal services provided in connection with the authority's acquisition, and

(b) any other expenses in connection with negotiating the terms of that acquisition,

being in each case expenses which are reasonably incurred by him after receipt of a notice under section 6(3) or an offer to purchase under section 7(1A) of this Act.'.

The purpose of the amendment is to allow the applicant to be reimbursed costs other than legal costs incurred in negotiating the terms of acquisition by the authority in cases of repurchase — for example, the cost of employing a surveyor rather than a solicitor to set up negotiations about the price at which the dwelling should be repurchased.

Mr. John Fraser: I welcome the amendment, but what will it add to public expenditure?

Mr. Wyn Roberts: As the hon. Gentleman knows, the relevant clause is very specific and refers only to legal costs. It is quite possible that it would behove the parties involved to engage a surveyor rather than a solicitor to carry out the negotiations. It might make much better sense for a surveyor to act on the vendor's behalf or to seek the advice of a valuer. We believe that it is reasonable for the applicant to be reimbursed the costs of such assistance as well as of purely legal costs.

The hon. Gentleman asked about the effect on public expenditure. I must confess that I have no precise knowledge of that.

Mr. John Fraser: That is all very well, but there are 16,500 homes involved. If all the owners of those homes decided to use surveyors, even at modest rates of charge the cost could be about £3 million. If I asked the Government for £3 million to deal with asbestos in my constituents' homes or if we asked for that sum to deal with another defect such as condensation or dampness which is commonplace in the public sector the request would be resisted. When 16,500 press the case for their surveyors' fees to be paid—quite properly, and I do not disagree with them — in a matter of a minute or so the Government can make a commitment in the House of Commons for between £1 million and £3 million in public expenditure. I do not oppose the amendment, but it highlights the Government's partiality and prejudice and their obsession with helping the private sector and denying the public sector.

Mr. Wyn Roberts: I can only say that I am very glad that the hon. Gentleman does not oppose the amendment because, as he acknowledges and as I am sure that all hon. Members recognise, it is intended to assist the people whom we seek to help in the Bill.

Amendment agreed to.

Clause 11

NOTICES

Mr. Gow: I beg to move amendment No. 63, in line 22 leave out from beginning to end of line 39 and insert—

'(1) A housing authority shall, within the period of three months beginning with the coming into operation of a designation under section 1 or 10 of this Act or a variation of such a designation, publish in a newspaper circulating in their area notice suitable for the purpose of bringing the effect of the designation or variation to the attention of persons who may be eligible for assistance in respect of such of the dwellings concerned as are situated within their area, unless they are of the opinion that—

(a) none of the dwellings concerned are so situated, or

(b) in respect of all of the dwellings concerned that are so situated, no person is likely to be eligible for assistance.

(2) If at any time it becomes apparent to a housing authority that a person is likely to be eligible for assistance in respect of a defective dwelling within their area, they shall forthwith take such steps as are reasonably practicable to inform him of the fact that assistance is available.'.

The amendment follows an undertaking that I gave to the hon. Member for Norwood (Mr. Fraser) in Committee. It is self-explanatory, and I commend it to the House.

Amendment agreed to.

Clause 12

JURISDICTION OF COUNTY COURT AND RULES OF PROCEDURE

Amendment made, No. 64, in line 12 leave out '6(2)' and insert '6(6A)'.—*[Mr. Gow.]*

Clause 13

JURISDICTION OF SHERIFF IN SCOTLAND

Amendment made, No. 65, in line 32 leave out '6(2)' and insert '7(5A)'.—*[Mr. Gow.]*

Clause 16

RULES AND ORDERS

Mr. Fraser: I beg to move amendment No. 69, in line 39 at end insert

'which shall be laid before and approved by both Houses of Parliament'.

Mr. Speaker: With this it will be convenient to take amendment No. 70, in line 1 leave out subsection (3).

Mr. Fraser: The amendments would provide for the making of all orders under the Act by affirmative procedure rather than by negative procedure. I know that this is well-worn ground, but it would be worthwhile to debate orders made under the Bill because it would give the House a further opportunity to make a comparison between the privately-owned and rented sectors. If we approve orders, we shall sanction fairly massive sums—up to £250 million of capital expenditure and £25 million to £30 million of revenue expenditure. Because of cash limits, money that is given for one purpose is taken from another purpose. Therefore, it is right for the House to have a chance to air its views about the priorities on expenditure on housing, and not to leave the matter to a Minister.

Mr. Wyn Roberts: I appreciate the hon. Gentleman's brevity. The amendments would require all orders to be made by statutory instrument, requiring the approval of both Houses before they come into effect. The Bill refers to seven powers exercised by the order. The amendments are undesirable in three of those seven powers, because specific orders affecting financial expenditure conventionally require that these matters should be dealt with by the House of Commons only and not both Houses. More generally, the amendments would require that all orders should be approved by the affirmative resolution. We regard that as an unnecessary degree of supervision for matters, such as the appointing of a day or days for the coming into force of the Bill.

Amendment negatived.

Clause 18

APPROPRIATE AUTHORITY

Mr. Ancram: I beg to move amendment No. 71, in line 9, column 1, leave out from 'authority' to 'specified' in line 10.

Mr. Speaker: With this it will be convenient to take amendments Nos. 72 and 73.

Mr. Ancram: The basic purpose of this daunting amendment is twofold. First, it is to revise the procedure to be adopted when a public sector authority, other than the housing authority, states that it wishes to acquire the defective dwelling under clause 18. Secondly, it is to provide that, where the public sector body acquires the dwelling but is not a body which can grant a secure tenancy under clause 8, it shall either secure the grant of a secure tenancy or secure the grant of a protected tenancy under the Rent Act 1977, or the Rent (Scotland) Act 1971, of the dwellinghouse or suitable alternative accommodation.

The amendments were inspired by an amendment which, although it was not formally moved, was tabled by the Opposition in Committee.

Amendment agreed to.

Amendments made: No. 72, in page 21, line 11, column 1, at end insert

'and any predecessor so specified of the authority'.

No. 73, in page 21, leave out lines 12 to 26 and insert—

'(3) The body concerned may, within the period of four weeks beginning with the service of the appropriate authority's notice under subsection (2) above, give them notice in writing—

(a) stating that the body wishes to acquire the interest, and

(b) specifying the address of the principal office of the body and any other address that may also be used as an address for service.

(4) Where the appropriate authority (in the following provisions referred to as the "original authority") receive a notice under subsection (3) above, they shall forthwith give to the person entitled to assistance notice in writing (in those provisions referred to as a "transfer notice") of—

(a) the contents of the notice under subsection (39 above, and

(b) the effect of subsections (5) and (6) below.

(5) The body concerned shall, at any time after the transfer notice is given, be treated as being the appropriate authority (in place of the original authority) for the purposes of anything done or falling to be done under this Act by or in relation to the appropriate authority.

(6) Where a transfer notice has been given in respect of an interest—

(a) a request under section 6(1) or 7(1) of this Act in respect of the interest may be made either to the original authority or to the appropriate authority, and

(b) such a request made to the original authority (whether before or after the transfer notice is given) shall be forwarded by them to the appropriate authority.

(7) Where, apart from subsection (8) below, the appropriate authority acquiring an interest in a defective dwelling might be required under section 8 of this Act to grant a secure tenancy (within the meaning of that section) to any person, but—

(a) in relation to England and Wales, the authority are not one of the following bodies, that is, the bodies mentioned in section 28(4) of the 1980 Act or a housing association falling within section 15(3) of the 1977 Act, or

(b) in relation to Scotland, the authority are not one of the bodies mentioned in section 10(2) of the Scottish Act of 1980.

section 8 of this Act shall have effect with the following modifications.

(8) Those modifications are—

(a) in subsection (3), for the words "a secure" there is substituted "or arrange for him to be granted an appropriate",

(b) at the end of that subsection there is inserted—

"For the purposes of this subsection, a tenancy is an appropriate tenancy if it is either—

(i) a secure tenancy, or

(ii) a protected tenancy, other than one under which the landlord might recover possession under one of the cases in Part II of Schedule 15 to the 1977 Act or, as the case may be, Part II of Schedule 5 to the 1971 Act (cases where court must order possession)",

(c) subsections (4), (8), (9) and (10) shall not apply,

(d) in subsection (5), after the words "grant the tenancy" there is inserted "or arrange for it to be granted",

(e) in subsection (6), after the word "section" there is inserted "or under any arrangement made for the purposes of subsection (3) above", and

(f) in subsection (7), after the word "grant" there is inserted "or arrange for the grant of".'. —*[Mr. Gow.]*

Clause 19

GENERAL INTERPRETATION

No. 74, in page 21, leave out line 32.—*[Mr. Gow.]*

Clause 20

PROVISION IN BUILDING SOCIETY AGREEMENTS TO BE DISREGARDED UNDER RESTRICTIVE TRADE PRACTICES ACT 1976

Mr. Wyn Roberts: I beg to move amendment No. 75, in page 23, line 42, leave out from 'has' to 'appointed' in line 43 and insert

'its chairman, or the chairman of its board of directors or other governing body,'.

This is a drafting amendment. At present the definition in clause 20 (2) of "appropriate body" refers, inter alia, to a board of directors or other governing body of which the chairman is appointed by the Secretary of State. That definition is aimed initially at the National House Building Council, which is the only body known to the Secretary of State that fulfils the other criteria specified in the definition in clause 20 (2). The NHBC has no board of directors; its executive committee manages the business of the council and controls the holding of general meetings, but specific and substantial powers are conferred on the Scottish, Northern Ireland and finance committees. The amendment, which alters the definition, is designed to set the inclusion of the NHBC within the definition beyond reasonable doubt.

Amendment agreed to.

Clause 2

SHORT TITLE, COMMENCEMENT AND EXTENT

Mr. A. Cecil Walker (Belfast, North): I beg to move amendment No. 77, in page 24, line 21, leave out 'and Wales' and insert 'Wales and Northern Ireland'.

Mr. Speaker: With this it will be convenient to take the following amendments: No. 78, in page 24, line 22, leave out '20, does not extend' and insert

'sections 7 and 13 extends'.

No. 79, in page 24, line 23, at end add

'subject to such modifications and applications as may be specified by Order in Council made under the Northern Ireland Act 1974'.

Mr. Walker: My purpose in moving the amendments is expressly to show the disparity between two integral parts of the United Kingdom, in that Northern Ireland is being treated as a separate entity in all matters pertaining to legislation.

With regard to housing defects, I can say with authority that Northern Ireland shares with its mother country the complex problems associated with defective housing. That fact was recognised by the Under-Secretary of State for Northern Ireland, the hon. Member for Bath (Mr. Patten), who has taken the heat out of a potentially explosive problem by declaring in general terms that action will be taken to protect the owners of such houses purchased through the public authority housing sales scheme.

However it is regrettable that the Minister's statement was not broad enough to encompass the unfortunate owners who have purchased such dwelling in the private sector, in complete ignorance of defects that have developed or could subsequently develop. Irrespective of statements made and promises given, the people of Northern Ireland should have been included in the Bill. The same need exists to alleviate the problems. About 3,800 Orlit houses were built in the Province, and about the same number were built by a company called Fortus Construction. There are also Housing Executive cross-wall dwellings, and what are known as Ulster cottages. They all require urgent examination under the terms of the Bill.

We have been fed platitudes that there is no immediate danger to the residents of those houses. That might be true, but in view of the limited number of tests carried out, it is difficult to accept that statement completely. A spokesman for the Housing Executive said that until the tests are completed and fully evaluated, it will be impossible to establish a definitive policy for those dwellings. In view of that, I plead that Northern Ireland is included in this legislation urgently, and I hope that I have the sympathy and support of the House for my amendment.

10.45 pm

Mr. J. Enoch Powell (Down, South): It may not come entirely as a surprise to you, Mr. Speaker, that I support the amendment moved by my hon. Friend the Member for Belfast, North (Mr. Walker). I also think it possible that the topic is one with which the Minister for Housing and Construction is not entirely unfamiliar.

In Northern Ireland there is no elective housing authority. The housing authority for the whole of the Province is a huge quango. If the legislation were concerned with the functions of housing authorities in England and Wales or in Scotland one would understand the logic of separate legislation for the different parts of the United Kingdom. But the Bill is concerned with the potential misfortune of private individuals who have purchased defective housing from public authorities. In that respect there is no difference between the different parts of the United Kingdom because, as my hon. Friend has said, there are numerous house owners in Northern Ireland who, like their opposite numbers in Great Britain, have purchased in all ignorance and good faith houses which were sold to them in ignorance and good faith—though defective—by local authorities. The same relief ought to be available to those in all parts of the kingdom and it should be available simultaneously and under the same legislation.

In the course of the debate we have had in diligent attendance upon the House representatives of the Scottish Office and of the Welsh Office. There is no technical reason why the Bill should not have extended to Northern Ireland and why, similarly, we should not have had the attendance of a Northern Ireland Minister.

Two classes—7 and 13—have been sufficient to apply the provisions for England and Wales to Scotland. A little more complexity might have been involved in applying the same provisions to Northern Ireland, but in an amendment which is being considered with that moved by my hon. Friend the proposition is made that that application could be carried out by Order in Council.

The Government will be aware that from 1977 onwards there has been a procedure whereby, in cases applying identically or to the same effect, Great Britain legislation, an Order in Council subject to negative resolution procedure and not, therefore, normally requiring any of the time of the House, would be appropriate. There is, therefore, no difficulty in legislation of this type being framed so as to apply to Northern Ireland, and the application technicalities would not be of inconvenience or trouble to the Administration or to the House.

There is only one assurance that can be given to citizens of this country that they will all be treated alike and that relief will come to them at the same time and under the same conditions, and that is, that the relief should be extended in the same legislation. It is that which my right hon. and hon. Friends are seeking in the terms of the amendment.

I do not think our case can in common sense and justice be resisted. I would have thought that it was a case that would command the sympathy of the Minister who is in charge of the Bill. Perhaps it might be useful, however, if I say that a case which has long been urged, and on so many occasions as this one, very often has to be brought gradually into acceptance. The old proverb about the constant dripping that wears away a stone is nowhere more applicable than to a demand for self-evident justice, for that which has to be constantly repeated until, by dint of repetition or by dint of fatigue of Government, its self-evidence dawns also upon those who can bring relief. I do not know whether that moment will have arrived tonight in the context of this Bill. There could be no Bill more suitable for it to be announced. I almost wonder whether there is any Minister by whom it might be more suitable to be promolgated. Hon. Members on this Bench remain not only hopeful, but confident that sooner or later this House will see the justice, convenience, and the common sense of legislating wherever possible—this is a possible case—simultaneously for all parts of the Kingdom. The day will come—I hope that it will come on midsummer day 1984.

Rev. William McCrea (Mid-Ulster): I join the hon. Member for Belfast, North (Mr. Walker) and the right hon. Member for Down, South (Mr. Powell) in an earnest desire to see this legislation cover Northern Ireland as part of the United Kingdom. There is no reason why the appropriate legislation should not have been for Northern Ireland as well as for England, Scotland and Wales. I have listened attentively to all this debate, and the problems that the people in England, Scotland and Wales are suffering are the same as those that the people of Northern Ireland are suffering. Therefore, it would be most appropriate, and this would have been the right legislation, to have included Northern Ireland. Unfortunately, I do not believe that the

[Rev. William McCrea]

House will heed that cry. I would be delighted to hear the Minister prove me wrong, and I shall wait with interest for his reply.

On the Bill generally, I sympathise with many of the comments that have been made by Opposition Members. The Bill covers a particular group of people, but does not cover the vast number of people who also have problems that need to be attended to. I am delighted that it assists those who have purchased their dwellings, but it should attend to the problems of the large number of people who are in public housing that needs proper attention, and the interest of the House.

In Northern Ireland I appreciate that we have but one housing authority. That authority has been treated favourably, with finance to tackle many problems. While the House can sympathise with local authorities in their plight of having many houses with defects, the sympathy of the House will not change the problem — but the appropriate finance to fund programmes to solve those problems must be forthcoming. I trust that the Government will look favourably on that.

I join with hon. Members who have spoken, and I trust that there will be an urgent movement in the House, so that those houses that have defects will be properly attended to by the appropriate legislation, not only for England, Scotland and Wales, but for—dare I say it—the best part of the family, beloved Northern Ireland.

Mr. Gow: I understand the reasons which prompted the hon. Member for Belfast, North (Mr. Walker), a member of the Committee, to table the amendment which stands in his name. I understand too the reasons which prompted the right hon. Member for Down, South (Mr. Powell) and the hon. Member for Mid-Ulster (Rev. William McCrea) to speak in support of it.

The House may know that on the day following the announcement which I made in the House of a scheme to help the owners of defective houses which had originated in the public sector, my hon. Friend the Member for Bath (Mr. Patten) the Under-Secretary of State with responsibility for the Department of the Environment in Northern Ireland made a statement announcing that there would be a scheme applicable to Northern Ireland which was similar to the scheme which I had announced on the previous day.

The right hon. Member for Down, South asked for two things. He asked for parity of treatment and time. Any differences between the scheme which will be applicable to Northern Ireland and the scheme which will be applicable to Great Britain will be so minor as will make the scheme virtually indistinguishable for practical purposes. I cannot say this evening on what date either the Bill now before the House or legislation specifically applying to Northern Ireland will have effect. But I do say that—the right hon. Gentleman had a fair point here—it is likely that the timing of the legislation applying to the Province will be later than the timing of the legislation applying to Great Britain.

The hon. Member for Belfast, North asked—I hope that I did not misunderstand him — whether we could extend the Bill to properties which had never been in the public sector to properties which had always been in the private sector. We have made a distinction throughout discussion on the Bill between the responsibility of the Government in respect of properties which originated in the public sector and the responsibility of the Government towards properties which have never been in the public sector. It would be a significant step for the Government to give a guarantee in respect of property which had never been in the public sector.

The right hon. Member for Down, South commented on the fact that there was no Minister for Northern Ireland on the Treasury Bench.

Mr. J. Enoch Powell: I was regretting that since the Bill did not cover Northern Ireland there was therefore not a representative of the Northern Ireland office on the Front Bench. It was not uttered in criticism, rebus extantibus.

Mr. Gow: I thank the right hon. Gentleman for that.

The right hon. Gentleman said that he wanted the legislation to extend to Northern Ireland. He said that there must be parity of treatment. I remind the House that we have frequently had separate legislation on housing matters for England and Wales on the one hand and Scotland on the other. Indeed, in the Tenants Rights, Etc. (Scotland) Act 1980 which sets out the right to buy in Scotland there are quite significant differences between the right to buy for those who live in Scotland and the right to buy for those who live in England and Wales.

I say that only to give a partial reassurance to the right hon. Gentleman that we do not always treat in housing matters in a way which is identical those who live in Scotland and those who live in England and Wales.

I cannot advise the House to agree to the amendment which has been tabled by the hon. Member for Belfast, North. It was made clear by my hon. Friend the Under-Secretary of State for Northern Ireland in the statement which he made on 11 November that there would be separate legislation for Northern Ireland.

Mr. James Molyneaux (Lagan Valley): The Minister has properly drawn attention to the statement of the Under-Secretary of State. The Minister will recall that he and I exchanged letters the very week that he made the original statement in the House in November. Can he think of any good reason why there should be a much greater delay, bearing in mind that the mechanism was put into effect in the same week in Northern Ireland and in the House?

Mr. Gow: I shall certainly draw the pertinent comments of the right hon. Gentleman to the attention of my hon. Friend the Member for Bath (Mr. Patten), the Parliamentary Under-Secretary, and to the attention of my right hon. Friend the Secretary of State.

11 pm

Mr. John Fraser: The Minister says that the Bill will be applied almost word for word to Northern Ireland by order. Under the Bill as it applies to England, Wales and Scotland, the local authority will receive only 90 per cent. reimbursement of reinstatement grant, and 75 per cent. reimbursement of the cost of repaying a mortgage on the defective value of the dwelling if it repurchases. In Northern Ireland, where housing is run by an executive, will this be dealt with on the same basis? In Northern Ireland, will the Government be bearing 100 per cent. of the cost of reinstatement or repurchase, whereas in England the Government will be bearing only 90 per cent. in one case and 75 per cent. in the other case of the cost of reinstatement or repurchase?

Mr. Gow: The hon. Gentleman will have to await the publication of the draft order in council before we are able to answer that question.

Mr. J. Enoch Powell: May I reassure the hon. Member for Norwood (Mr. Fraser) that the method of calculating and imposing the rate in Northern Ireland will ensure that the ratepayers in Northern Ireland bear exactly the same share as those in the rest of the United Kingdom? At least, if they do not, it is the fault of the calculating mechanism, and not the intention of the legislation.

Mr. John Fraser: I am grateful to the right hon. Gentleman for his explanation, and for his support of the breach of the principle of caveat emptor.

Amendment negatived.

Schedule 1

REINSTATEMENT GRANT

Mr. Ancram: I beg to move amendment No. 80, in page 25, line 13, leave out 'or'.

Amendment 80, and amendments 81, 82 and 83, are clarifying amendments in that they ensure, where necessary, that the percentages determining grant payable are applied to the expenditure limit and not to the cost or estimated cost of the work, thus preserving the differential between normal cases of 90 per cent. grant and 100 per cent. hardship cases.

Amendment agreed to.

Amendments made: No. 81, in page 25, line 14, at end insert

'or

(c) the expenditure which is the maximum amount permitted to be taken into account for the purposes of this paragraph,'.

No. 82, in page 25, line 15, leave out 'less' and insert 'least'.

No. 83, in page 25, line 24, leave out

'The amount of reinstatement grant payable shall not exceed'

and insert

'The maximum amount of expenditure permitted to be taken into account for the purposes of paragraph 1 above shall be'.—*[Mr. Michael Ancram]*

Mr. Wyn Roberts: I beg to move amendment No. 84, in page 26, line 7, leave out from first 'the' to end of line 8 and insert

'cost of so much of the qualifyng work as has been executed at that time'.

Paragraph 4(1) of schedule 1 allows the authority to repay reinstatement grant as a single sum on completion of the qualifying work or by instalments. Paragraph 4(2) makes provision as to the payment of grant by instalment. The amendment is designed to ensure that instalments may be paid only in respect of work actually done. This would be consistent with the provisions for payment of grant by instalment under part VII of the Housing Act 1974.

Amendment agreed to.

Schedule 2

REPURCHASE

Mr. John Fraser: I beg to move amendment No. 85, in page 26, line 31, leave out '95 per cent.' and insert '100 per cent.'.

If the amendment is accepted, when a local authority repurchased a house, it would reimburse the private owner 100 per cent. of the value of the house rather than 95 per cent., as is presently proposed. I have mixed feelings about the amendment. Since the amendment was tabled, the Minister has also tabled amendments which remove some burden from private owners, because of a willingness to meet survey costs and professional fees, apart from legal fees. The potential loss to the private owner has thus been mitigated, and this lessens the case for 95 per cent. The 5 per cent. is a portion of the claim borne by the owner, rather like the excess on an insurance policy. The Minister knows that a large number of people will have written to him stating that logically there should be 100 per cent. reimbursement. The view incorporated in the amendment has been put forward by Shelter and many other organisations of private owners. It would be advisable for the Minister to place on record the reason why he remains wedded to the principle of 95 per cent. rather than 100 per cent.

Mr. Gow: The Government believe, and I think that the hon. Member for Norwood (Mr. Fraser) believes, that the scheme of assistance in the Bill through which on repurchase the owner will receive 95 per cent. of the defect value of a house is generous. The hon. Gentleman knows that, to calculate the value of a house, however excellent the district valuer is, is an imprecise science. The difference between 95 per cent. and 100 per cent. allows for a proper margin of error which may go one way or another. We think that the scheme is generous and that 95 per cent. of the defect value is reasonable. I understand the argument for 100 per cent. One could make a case for 90 per cent., but we have concluded that 95 per cent. is correct.

Mr. Fraser: I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendments made: No. 86, in page 26, line 35, leave out '7(1)' and insert '7(1A)'.

No. 87, in page 26, line 38, leave out 'in a defective dwelling'.—*[Mr. Sainsbury.]*

Mr. Wyn Roberts: I beg to move amendment No. 88, in page 26, line 41, leave out 'following assumptions' and insert

'assumptions specified in paragraph (2) below and on the basis that no account is taken of any right to the grant of a tenancy under section 8 of this Act.'.

Mr. Deputy Speaker: With this it will be convenient to take amendment No. 89, in page 27, line 20, leave out from 'made' to end of line 25.

Mr. Roberts: The purpose of the amendments is to make clear the assumptions that are to be made in valuing a dwelling under schedule 2 in the case of repurchase. The particular provision which these amendments seek to clarify is that in paragraph 2(2)*(e)* of schedule 2, which requires the valuation of an interest to be made on the assumption that, subject to paragraph 2(2)*(a)* to *(d)*, the seller is selling subject to the rights and burdens which actually exist, but disregarding, first charges discharged under the schedule, and secondly, any right that the applicant of a beneficiary may have to the grant of a tenancy under clause 8 and in consequence to remain in occupation of the dwelling.

The amendments will be welcomed by those responsible for implementing the scheme.

Amendment agreed to.

[Mr. Roberts]

Amendments made: No. 89, in page 27, line 20, leave out from 'made' to end of line 25.

No. 90, in page 28, line 30, leave out '7(1)' and insert '7(1A)'.—*[Mr. Sainsbury.]*

Schedule 3

PUBLIC SECTOR AUTHORITIES

Amendments agreed to: No. 91.

No. 92, in page 33, line 35, leave out sub-paragraph (4).—*[Mr. Ancram.]*

Motion made, and Question, That the Bill be now read the Third time, *put forthwith pursuant to Standing Order No. 58 (Third Reading), and agreed to.*

Bill accordingly read the Third time, and passed.

West Lothian (Economic Development)

Motion made and Question proposed, That this House do now adjourn.—*[Mr. Sainsbury.]*

11.4 pm

Mr. Robin Cook (Livingston): I am grateful for the opportunity to raise a matter of great concern to my constituents. My hon. Friend the Member for Linlithgow (Mr. Dalyell) is unable to be here tonight, but he fully supports my anxiety and wishes to be associated with my remarks.

The origin of the debate lies in the severe rate of unemployment in West Lothian. In the Bathgate-Livingston travel-to-work area the unemployment rate was 21 per cent. at the last count. Several areas in that region have an even worse unemployment rate. On the Murrayfield estate in Blackburn for instance, unemployment is 38 per cent.

If British Leyland closes its plant at Bathgate unemployment in the travel-to-work area will rise to between 25 per cent. and 30 per cent. The precise figure does not matter. The social desolation at that level of unemployment would be so great that it would be pointless meticulously to measure the precise percentage. Within some pockets in the district, the level of unemployment would reach a figure that previously would have been unimaginable. In Blackburn, in the constituency of my hon. Friend the Member for Linlithgow, it would exceed 40 per cent., as it would in Addiewell in my constituency. The West Lothian district would have the highest, densest area of unemployment anywhere in central Scotland, which already has an average level of unemployment that is far too bleak.

Although the closure of BL will make the unemployment position much worse, I stress that the case that I intend to advance does not rest on the assumption that the BL plant will close. I fully support the work of the shop stewards and work force to retain the plant. But even if we are successful in keeping every job at the plant, we already have, and will continue to have, a severe unemployment problem that demands a response from the Government. I shall not labour the point further because the severity of our job crisis, is accepted by the Government.

The Minister will appreciate that in our view a large part of the blame must rest with the Government for pursuing policies that have been so disastrous for the manufacturing and engineering industries that previously provided so many of the jobs that we have now lost. I have not come to the House tonight to apportion blame. The problem that we are experiencing is of such gravity that the unemployed expect more of us than the scoring of political points about who is to blame, but to the extent that the Government are to blame for the crisis, we can surely call upon them to respond positively to the constructive points that I shall now put.

My points follow closely the package of measures that have been developed by Lothian region and West Lothian district council, on which they are both agreed. I emphasise that those two local authorities do not always see eye to eye; One is Conservative-controlled and the other Labour-controlled. They have reached agreement on what the West Lothian district needs if it is to tackle the social dereliction of the unemployment problem that it now faces.

Knox, David
Lawler, Geoffrey
Malins, Humfrey
Maude, Hon Francis
Mellor, David
Murphy, Christopher
Nelson, Anthony
Nicholls, Patrick
Powley, John
Proctor, K. Harvey
Rowe, Andrew
Rumbold, Mrs Angela
Shaw, Sir Michael *(Scarb')*
Smith, C.*(Isl'ton S & F'bury)*
Smith, Tim *(Beaconsfield)*
Spencer, Derek
Stern, Michael
Stevens, Lewis *(Nuneaton)*
Stewart, Andrew *(Sherwood)*
Thurnham, Peter
Watts, John
Whitfield, John
Wood, Timothy

Tellers for the Ayes:
Mr. Marcus Fox and
Mr. Gary Waller.

NOES

Alton, David
Atkins, Robert *(South Ribble)*
Body, Richard
Cockeram, Eric
Farr, Sir John
Gardiner, George *(Reigate)*
Gregory, Conal
Haynes, Frank
Holt, Richard
Irving, Charles
Jackson, Robert
Lilley, Peter
McCrea, Rev William
McCusker, Harold
McKay, Allen *(Penistone)*
Maclean, David John
Marek, Dr John
Miller, Hal *(B'grove)*
Molyneaux, Rt Hon James
Morris, Rt Hon A. *(W'shawe)*
Moynihan, Hon C.
Neubert, Michael
Onslow, Cranley
Pawsey, James
Penhaligon, David
Rhodes James, Robert
Skinner, Dennis
Soames, Hon Nicholas
Spearing, Nigel
Stanbrook, Ivor
Thompson, Donald *(Calder V)*
Waddington, David
Walker, Cecil *(Belfast N)*
Wells, Bowen *(Hertford)*
Winterton, Mrs Ann
Winterton, Nicholas
Woodcock, Michael

Tellers for the Noes:
Mr. Jonathan Sayeed and
Mr. Greg Knight.

Question agreed to.
Bill accordingly read a Second time and committed.

Orders of the Day

Housing Defects Bill

As amended (in the Standing Committee), considered.

New Clause 5

SERVICE OF NOTICES

'(1) Any notice or other document under this Act may be given to or served on any person and any application or written request under this Act may be made to any person—

(a) by delivering it to him or leaving it at his proper address, or

(b) by sending it to him by post,

and also, where the person concerned is a body corporate, by giving or making it to or serving it on the secretary or clerk of that body.

(2) For the purposes of this section and of section 7 of the Interpretation Act 1978 as it applies for the purposes of this section, the proper address of any person shall be—

(a) in the case of a body corporate or its secretary or clerk, the address of the principal office of the body,

(b) in any other case, his last known address,

and also, where an additional address for service has been specified by that person in a notice under section 18(3) of this Act, that address.'—*[Mr. Gow.]*

Brought up, and read the First time.

8.2 pm

The Minister for Housing and Construction (Mr. Ian Gow): I beg to move, That the clause be read a Second time.

The purpose of this new clause is self-evident. The procedures in the Bill, notably in clauses 3, 4, 6 and 11, require the service of notices by the appropriate authority, and the making of written requests by the person eligible for assistance. In some cases, there are time limits. It is important that it should be clear what will suffice to comply with the requirement to serve a notice or to make a written request. The Bill does not at present deal with the mechanics of serving such notices and making such requests and the new clause remedies that omission.

Question put and agreed to.

Clause read a Second time and added to the Bill.

New clause 1

HOUSING DEFECTS COMMISSION

'(1) There shall be established an advisory committee to be called the Housing Defects Commission (in this Act called "the Commission") for the purpose of advising the Secretary of State about the operation of this Act (other than section 20).

(2) The Commission shall consist of not less than 10 members who shall be appointed by the Secretary of State and one of those members shall be appointed to the Chair and another to the deputy chair. The members shall include persons representing appropriate authorities and persons representing organisations of occupants of defective dwellings whether designated under section 1 of this Act or otherwise.

(3) Without prejudice to the generality of subsection (1) of this section, the Commission may advise the Secretary of State about the financial consequences of the exercise of power under this Act for local authorities and any other matters which appear to the Commission to be relevant to the discharge of any powers and duties created by this Act.'—*[Mr. John Fraser.]*

Brought up and read the First time.

Mr. John Fraser (Norwood): I beg to move, that the clause be read a Second time.

backdoor method that would set apart one place from other parts of Britain at a time when the legislation on trading hours is under public discussion.

The Shops Acts, which govern only England and Wales, derive from the Fairs and Markets Act 1448. The Shops Act 1950 is unsatisfactory for Sunday trading legislation, because there are countless anomalies. Although alcohol can be purchased on a Sunday, mothers cannot legally buy powered milk for babies; sales of bibles are prohibited, but not magazines devoted to what is euphemistically called soft pornography. In consequence, a committee of inquiry has been asked

"to consider what changes are needed in the Shops Acts, having regard to the interests of consumers, employers and employees, and to the traditional character of Sunday, and to make recommendations as to how these should be achieved."

We should not introduce legislation that would cut across the inquiry, its findings and their consideration by the House. The Committee's deliberations may lead to the most far-reaching change for the retail trades in England and Wales since the abolition of resale price maintenance in 1964. It will influence jobs in the labour-intensive retail trades, the structure of retailing and certainly consumer prices.

This is very much a live issue in York. One retail sports store, which took £91,000 on a Sunday in January, was fined £250 plus costs. Following the judgment in Stoke-on-Trent City Council *v.* B and Q (Retail) Ltd. on 17 May, I hope that local authorities will ensure that traders stay within the law. If a local authority condones unlawful Sunday trading and does not use its power under section 222 of the Local Government Act 1972 to institute proceedings, I hope that responsible bodies such as chambers of commerce will ensure that the statutory duty is enforced by an order of mandamus on judicial review, as in Regina *v.* Braintree District Council last year.

I wonder whether Calderdale borough council has prosecuted illegal Sunday traders. The question was asked, but my hon. Friend the Member for Halifax has so far declined to answer it. I also question, as did my hon. Friend the Member for Fulham (Mr. Stevens), whether there might be illegality in some areas. My hon. Friend the Member for Halifax did not say whether the citizens of that authority have petitioned against the Bill. If they have, not only does the Bill go against the democratic will, but it will seek a back-door breach in advance of the findings of the committee of inquiry. Therefore, I urge hon. Members to oppose this ill-conceived legislation.

7.46 pm

Mr. Marcus Fox (Shipley): I must support my hon. Friend the Member for Halifax (Mr. Galley). I have listened to this short debate in astonishment. We all accept that piecemeal legislation is undesirable, but the laws on Sunday trading are ludicrous. My hon. Friend the Member for Fulham (Mr. Stevens) admits that he is involved with a chain store. What is surprising is that the opponents of Sunday trading——

Mr. Martin Stevens: I did not "admit" it; I stated it.

Mr. Fox: I was seeking to show that, by stating it, my hon. Friend had admitted it. There is an unholy alliance between my hon. Friend the Member for Fulham and the two Opposition Members in the Chamber—that is an amazing attendance—who are concerned about the trade unions. We know what happened with a previous measure that wished to bring some sense to Sunday trading. The chain stores and multiple retailers and the trade unions managed to defeat us, although it cannot be said that the people outside this Chamber believed that the present laws were right.

My hon. Friend the Member for Halifax is trying to introduce a little change. How many people have visited the Piece hall? I have, and I can tell the House that it is a farce that tourists cannot go there on Sundays and buy the goods described by my hon. Friend. The suggestion that it would affect other traders in Halifax is not true. I have heard it said that there is no abuse of Sunday trading in London, but I know of many markets there. Does my hon. Friend the Member for York (Mr. Gregory) dare to get to his feet and tell the House that York, which is the capital city of my county—it is a gem of a city into which tourists flood—has no shops open on Sundays? There are exemptions in all tourist areas, especially on the coasts.

This tiny measure would at least show people outside the Chamber that we will not put up with these ridiculous laws for much longer.

7.50 pm

Sir Michael Shaw (Scarborough): I should like briefly to support my hon. Friend the Member for Halifax (Mr. Galley) on the Bill. If hon. Members who feel inclined not to support the Bill were to go to see the Piece hall, as I have done many times, they would realise that it is a tourist attraction, but one that is not getting the attention it warrants. When people are staying with friends in the west riding of Yorkshire and want to go somewhere for a day out, one of the attractions they must consider is the Piece hall. It spells out uniquely the character of our past.

The traditions of the Piece hall have been borne in mind in the request for an extension of the permission to trade on Sundays. A general bar is not being sought. Great care has been taken over the restoration of the Piece hall and other buildings in the area. We have a genuine tourist attraction that has a great historical content.

An easement of the law on Sunday trading is available to many places that have special historical interest. It should be available in this case. Therefore, I ask my hon. Friends to give the greatest sympathy to the case put forward by my hon. Friend. I hope that they will support the Bill.

Question put, That the Bill be now read a Second time:—

The House divided: Ayes 57, Noes 37.

Division No. 378] **[7.52 pm**

AYES

Aitken, Jonathan	Hamilton, Neil *(Tatton)*
Bottomley, Peter	Hanley, Jeremy
Brandon-Bravo, Martin	Hargreaves, Kenneth
Brown, N. *(N'c'tle-u-Tyne E)*	Haselhurst, Alan
Conway, Derek	Hawkins, C. *(High Peak)*
Currie, Mrs Edwina	Hayes, J.
Dorrell, Stephen	Hayward, Robert
Durant, Tony	Heathcoat-Amory, David
Eggar, Tim	Hind, Kenneth
Fookes, Miss Janet	Hirst, Michael
Forth, Eric	Howard, Michael
Fraser, J. *(Norwood)*	Hubbard-Miles, Peter
Freeman, Roger	Hunter, Andrew
Freud, Clement	Jenkins, Rt Hon Roy *(Hillh'd)*
Galley, Roy	Jones, Gwilym *(Cardiff N)*
Gow, Ian	Jones, Robert *(W Herts)*
Griffiths, Peter *(Portsm'th N)*	Knowles, Michael

Mr. Deputy Speaker (Mr. Ernest Armstrong): With this, it will be convenient to take new clause 2—

ANNUAL REPORT—

'The Secretary of State shall in each year publish and lay before Parliament a report giving details of the number of dwellings for which reinstatement grants have been given or repurchase has taken place and showing the number of such dwellings and the amount spent in respect of such dwellings as a percentage respectively of the total number of dwellings held by local authorities which are defective and of the total expenditure required to demolish, replace, repair or reinstate the total number of defective dwellings held by local authorities.'

Mr. Fraser: New clause 1 seeks to establish a housing defects commission, which would advise the Government on the operation of the measure. Secondly, it would include as members of the commission not only people appointed by the Minister but representatives of local authorities and, not least of all, occupants, including tenants, of defective dwellings. I suspect that the attitude of architects, civil servants and Ministers would be different if they spent about five to 10 years living in somewhere such as Ronan Point, or living in premises that were damp, full of condensation or falling apart, as they are in many parts of the country. Therefore, it is a good idea to have a housing defects commission that has on it people with experience of non-traditional dwellings that have proved to be defective. Thirdly, and with a little ingenuity, the commission would advise the Minister on the consequences of the measure, not just for privately owned dwellings that have been bought from local authorities but from publicly owned defective homes.

New clause 2 would oblige the Secretary of State to report annually to Parliament on the operation of the Bill, and effectively it would demand of him that he report to Parliament on the state of all defective houses and flats. The new clause epitomises the Opposition's view—a view that is not shared by the Government—that those who bought houses that have proved to be defective from local authorities should be treated on a par with those who have chosen not to buy their homes from local authorities because they were either too poor or too wise to buy defective premises that were built mainly, in the case of houses that we are discussing, of pre-fabricated reinforced concrete.

Mercifully, Britain is free from natural disasters. We sometimes read how, elsewhere, earthquakes have decimated homes in a region or how a flood can tear the heart out of a city. It happened in Bilbao only a year ago. Happily, in Britain, nature does not make many mistakes —it can quite safely leave that to the native genius of the British themselves. In Britain, when we have disasters, they are normally man-made or, in case I am accused of sexism, or neglecting the Prime Minister, they may be woman-made as well.

By 1981 there were approximately 5 million publicly owned homes and recent Association of Metropolitan Authorities reports tell us that within that total there are 500,000 non-traditional dwellings built before 1960, for which the final cost of repair, refurbishment or even demolition will be about £5,000 million. In the words of the AMA, the defects are

"very serious and relate to the main structural components as such. They will be very costly to repair but the problem is very much of continuing deterioration."

The figure for post-1960s, industrialised and system-built dwellings is contained in a second AMA report. It thinks that a realistic figure for industrialised dwellings is 1 million in local authority stock, and says that the defects problem is widespread and has affected low, medium and high-rise forms of construction. It estimates that the average cost of repair per unit will be £5,000, making a repair cost for post-1960s defective dwellings of around another £5,000 million, bearing in mind that 10,000 of such dwellings have already been demolished at a cost of about £300 million. That is for buildings built in the past 20 or so years.

We complain about the partiality of the assistance to those who have bought their homes because about 30 per cent. of all publicly owned homes are now likely to be within a class of dwelling that is a probable candidate for demolition or at very least costly repairs. It is not light-hearted use of language to describe that as a man-made disaster. That is in the context of 80,000 families a year being accepted as homeless, twice that number of families applying to be treated as homeless and of over 1 million dwellings in England alone classified as unfit.

The Government have a heavy responsibility for the development of housing. Local authorities were bulldozed into new industrialised systems, and warned off being cautious or careful. Subsidy arrangements were twisted to fit the new industrial housing revolution. Governments of both parties set the quotas, and gave priority to the processing of industrialised schemes. Most of all, Government, through the National Building Agency, classified this new breed of dwellings as being safe, sound, reliable and good for a mortgage or loan for 60 years. That is the context in which we are discussing the limited assistance contained in the Bill.

If the Government establish a housing defects commission and were obliged to give an annual report to Parliament it would do a number of things. First, it would underline the massive nature of Britain's housing problem, particularly in non-traditional homes built mainly after the last world war, some of which are literally falling apart and many of which have already had to be demolished.

Secondly, the new clause will provide evidence for the Opposition's indictment of Government policy on publicly owned housing stock. There are several counts to that indictment. The first is that the only area where there is a strategy or policy is where defective homes have been sold by local or other public authorities to private owners. There is no credible strategy or policy for those that were not sold into the private sector.

As I have tried to emphasise time and time again throughout the passage of the Bill, there are about 15,000 or 16,000 private owners who have purchased defective non-traditional homes from local authorities for whom help is provided in the Bill. About 1·5 million homes are occupied by local or public authority tenants whose homes are equally well classifiable as defective, which are of much the same construction as the homes dealt with in the Bill, but for which no help is provided at all. For every one home for which assistance is provided in the Bill, there are about 99 homes for which there is no credible strategy or policy whatever.

The Minister has some biblical support for what he is doing, in the words of St. Luke:

"Joy shall be in heaven over one sinner that repenteth, more than over ninety and nine just persons, which need no repentance."

Apparently, the Minister takes the view that the private purchaser who repents over the exercise of the right to buy

[Mr. Fraser]

will inspire joy in the Department of the Environment. But for every one of those who bought there will be another 99 who are living in rotten conditions, and whose homes may be literally falling apart, for whom no assistance is provided. A report will show up the lack af any policy towards those who remain in the public sector.

In many local authorities—for example, Epping and Rochester—the capital cost of meeting the obligations under the Bill will be two of three times the entire public housing investment programme of those authorities. There are other authorities, such as Leeds, where the most recent HIP allocation was £28 million to deal with new construction, assistance in the private sector by way of improvement and repair grants, and to provide new build as well. That £28 million has to cover all those areas of expenditure, when the estimated bill for dealing with industrialised and non-traditional homes alone is £104 million. Yet no provision is made in the Bill for such an authority and there is no statement of Government policy.

Mr. Gow: The truth is that no additional powers need to be given to local authorities in order that they may deal with the houses which remain in their ownership.

Secondly, as the hon. Gentleman acknowledged during a previous debate on this subject, the cost of repairs can in many cases be spread over a large number of years. It is a grave mistake to believe that these houses are in every case in need of urgent repair. On the contrary, in many cases repairs will not be required for many years to come.

8.15 pm

Mr. Fraser: I accept what the Minister says about local authorities having the power to carry out repairs. But that power is pointless without the resources. Over the past five years the HIP has been cut by about 60 per cent. The total amount planned to be spent in public housing in the public expenditure White Paper for 1985-86 is in real terms 35 per cent. of the figure that was dedicated to public expenditure on housing in 1979-80. It is true that that includes both revenue and capital. To talk about the power or the ability of a local authority to deal with the backlog of repairs, and sometimes the demolition, of defective industrialised non-traditional stock is nonsense. The Government have cut back savagely on public expenditure on local authority housing. It is meaningless to say that the local authority has the power to do these things. It is rather like saying that a father has the power to provide for his family while he is unemployed at a higher standard than the rate of benefit he is getting.

A commission report will also provide evidence that money coming from public sources is inadequate. In the current year the HIP for England and Wales is £2·5 billion. A large part of that will go into the private sector by way of repair and improvement grants. Some of it will go on new build and about £1 billion will be allocated to the major repair and renovation of local authority stock.

If—this probably answers the Minister's question—for the next 10 years the HIP is not cut further—there is no guarantee of that — and if it remains exactly the same, if the apportionment of resources in that programme remain the same, and if all the money that is available in the current year for the renovation and repair of local authority dwellings is spent on nothing but post-war non-traditional industrialised and system-built housing, one would be able to deal with the backlog. That would mean that over the next 10 years nothing at all would be spent on the rest of the local authority stock.

If the Minister is obliged, after receiving the advice of the housing commission to report such matters regularly to the House of Commons and to the nation, the massive nature of the problem that we have with local authority housing would be underlined.

Mr. Christopher Chope (Southampton, Itchen): Do the figures that the hon. Gentleman has just quoted include the capital receipts that local authorities can receive from the sale of surplus land and housing?

Mr. Fraser: Yes. The figure that I quoted of £2·5 billion is the gross expenditure after taking into account the 60 per cent. recovery of capital receipts for local authorities. The net figure shows the cutting of public investment on housing. The net HIP for England and Wales is about £1·8 billion compared with the gross figure of £2·5 billion, which I quoted in order to be fair to the Government by giving some credit for capital receipts.

With more regular reporting and a greater public focus on the problems which I have described, the spotlight would be turned on the misjudgment of Whitehall in dealing with housing. The Department of the Environment and the Minister for Housing and Construction should be engines of compassion for those who are badly housed in Britain. No one disputes that hundreds of thousands of families live in inadequate, overcrowded and shared accommodation.

The Department should provide work. The repair and improvement of our housing stock would provide employment. Lord knows, Britain needs more employment. It ought to be underlining the need for housing investment. Instead, it acts as a Department of liquidators for the Treasury, providing the sacrifices for each annual review and cut in expenditure.

Mr. Derek Spencer (Leicester, South): The Bill is based on the fact that the houses have suffered from a latent defect which only became known in the past two or three years as a result of the work of the Building Research Establishment. Is it not a fact that there has been substantial expenditure on some of those houses by local authorities in recent times? Therefore, it is nonsense to categorise them as being a collection of houses that have been uniformly neglected over the years.

Mr. Fraser: The allegation is that not that they have been neglected over the years, but that, under pressure by Ministers of both parties, to meet high expectations by the public for a big building programme, a large number of dwellings were built which at the time, according to the judgment of the National Building Agency, ought to have stood the test of time but have not done so. It is not a matter of neglect, and it is of no use now to try to apportion blame.

I ask the Department of the Environment to recognise that there is a major problem. That no one disputes. The Government do not fail to recognise this, but they acknowledge the nature of the problem, and the ability to demand a solution, only where a house has been sold by a public or local authority to a person in the private sector.

The Government continually talk about cuts in public expenditure, and have savaged the public housing budget of the last five years, yet, to retain credibility in relation

to their right-to-buy policy they provide in the Bill for a capital expenditure of approximately £250 million, because they recognise the serious nature of the problem in the private sector. If the Government can recognise the serious nature of the problem for those in private accommodation who have bought houses from the public authority, they should give parity of treatment to those who remain in the public sector. Acceptance of the clause would put into perspective the problems of those in both sectors.

I illustrate the problem from something that occurred in my constituency. There is a number of Wates PRC-built houses in the constituency. People who have come to my advice bureau are deeply concerned that they find it impossible to sell their houses because of deterioration, and the reputation that those houses have attracted. I have been able to tell those private owners that, when the Bill is enacted, they will be able to go to the local authority and, irrespective of the other housing priorities of the local authority and of the funds available to Lambeth borough council, they will be able to demand a reinstatement grant, or to sell to the local authority. They will have an immediate solution to their problems, and their rights against the local authority will be mandatory. I have been able to give them those reassurances, and I have advised them that I will help the Bill on its way.

Last Friday, someone from that group of houses came to see me who has not brought her house. I have been told in a letter that recently the masonry on the PRC house has been disintegrating. One corner of the house is coming apart. The gutters are broken and water is running down the prefabricated walls, penetrating the inside of the house and causing mould in the bedrooms. The stairs are coming apart. The movement of the house is causing the windows to rust and buckle so that five window panes have cracked under pressure. The differential movement in the house has caused the front door to drop. Some defects are recent, and in some cases the defects go back to 1978. This complaint comes from a lady aged 75 who is finding it intolerable to live in the house. It cannot be right to allow a person who is a tenant to depend upon the availablility of resources from a local authority that is already penalised, that will be rate-capped next year and that has suffered a savage cut as between the amount for which it asked in the housing investment programme and the amount that was allocated.

The intention of the new clauses is to underline the lack of parity of treatment between those in the private sector and the number of tenants—we are not sure how many, it may be 1·5 million families — living in defective homes for which there is no coherent policy, and for which insufficient resources are provided. The establishment of a commission that reports to Parliament will underline that inequity, and in time may allow it to be removed.

The Parliamentary Under-Secretary of State for Scotland (Mr. Michael Ancram): The hon. Member for Norwood (Mr. Fraser), who was open in describing the purpose of the two new clauses, rehearsed arguments that he has adduced in earlier proceedings on the Bill. If we have not yet persuaded the hon. Gentleman that there is a distinction between what the Bill tries to achieve and the problems that exist in the housing stock in general, I fear that I am unlikely to persuade him of that tonight.

Since the beginning of the legislation, we have insisted that the Bill has a specific purpose to help those whose assets, having been purchased from public authorities, are suddenly devalued through no fault of their own. The discovery of a defect, which in many cases is a latent one and may cause no physical damage for a considerable period of time, may as my hon. Friend the Minister for Housing and Construction said, cause the value of the asset that somebody has purchased in good faith to drop considerably. It is to remedy that position that the Bill was originally brought before the House.

I shall deal with the new clauses specifically in terms of the Bill. I am sure that the hon. Member for Norwood will realise that my reaction, and that of my hon. Friends, on reading new clause 1 was that it was an attempt to create a quango with the rather grand title of housing defects commission. The hon. Gentleman made clear that the purpose of such a commission would be to advise the Secretary of State on the operation of the Bill. If the hon. Gentleman examines the record of the Government he may decide that such advice is not necessary. The Government have been aware of the problem from the start and they have taken the initiative and consulted throughout. It was not even a question of designation by the Secretary of State coming as a bolt from the blue. There will usually be ample time for interested parties to put their points of view to the Secretary of State. As my hon. Friend said in Committee, it is unlikely that a designation will be made by the Secretary of State without full and proper consultation. I repeat that undertaking.

In the detailed operation of the provisions, the Secretary of State can be expected to monitor carefully the working of the Bill. For that purpose, we have inevitably to be closely in touch with many of the categories of person whom the hon. Member for Norwood mentioned as possible members of such a commission — for instance, owners of defective houses, local authorities, building societies, the professions and the construction industry. I see no point in institutionalising that consultative process in the way envisaged in new clause 1. New clause 1 is unnecessary in my view. It would add nothing to the advice that my right hon. Friend has already sought, and intends to seek, in the operation of the Bill and the making of designations. To accept the clause would be to accept the creation of yet another unnecessary quango. I recommend the House not to accept the new clause.

The hon. Gentleman said that new clause 2 is intended as a hook on which to hang the views that he has put before the House on the problems in the public sector.

8.30 pm

The new clause would establish a system of monitoring the scheme of assistence embodied in the Bill. When such a new measure is introduced, we need information on whether the policy objectives are being met and so that we can control public expenditure. The Government will arrange for the relevant information to be collected. We have not yet finalised the details, so I cannot give an exact undertaking about the way in which the information will be gathered.

The new clause would require the Secretary of State each year to prepare and publish a formal report to lay before Parliament. Opposition Members, especially those who have had departmental responsibility, will know that we are talking not simply about running off a few tables and stapling them together. The preparation and publication of a formal report requires considerable preparatory work in a Department and adds considerably

[Mr. Michael Ancram]

to the cost of providing information. I do not know why that requirement is considered necessary in one respect but not in relation to other housing measures, unless that requirement is sought for the reasons that the hon. Member for Norwood has explained.

New clause 2 is also unnecessary, partly because of the reasons that I have given, but also because it is too rigid. We intend to monitor the operation of the scheme, and hon. Members will be able to question the Government on the results of the monitoring. We do not need a formal report. I hope that the hon. Member for Norwood, when he has considered what I have said and since he has again rehearsed his arguments on the general problems in the public sector, will not press the new clauses.

Mr. Chris Smith (Islington, South and Finsbury): I support the two new clauses especially now that I have heard the Minister. He said that there was a distinction between what the Bill sets out to do to deal with the specific problems of former local authority tenants who have purchased their properties and the problems of the housing stock generally. The Minister went right to the heart of the new clauses and to what the Opposition have argued throughout the Bill's passage.

There is no quarrel between the Government and the Opposition about the need to sort out and help those who have problems with purchased properties which turn out to be defective. The argument is about the overall context in which action is to be taken. The setting up of a commission and the publication of an annual report are crucial.

It would be foolish for the Government simply to tell the House that they have a good record for dealing with the specific problem of purchased properties when so many as yet unpurchased properties cause so many tenants to suffer perhaps more severely than the occupiers of properties with which the Government are dealing.

The proposed commission and report would do a simple job. The new clauses seek to set the Government's record in implementing the specifics of this legislation in the overall context of the general housing stock. The Government are not tackling the problems of tenants who have not sought to purchase their properties and who live in defective housing.

The commission would specifically, in its composition and breadth of remit, deal with the overall local authority housing stock. The report would cover not just properties that have been purchased, but those that have not.

Parliament has to consider such problems, provide the money and scrutinise Government action. If Parliament is to make a proper judgment of the Government's actions and intentions, it should be presented with the opportunity to examine the overall picture and to consider the problems of those who are not being assisted by the Government as well as narrowly considering the Government's record for assisting those people covered by the Bill.

My hon. Friend eloquently described the principle of parity between those who have purchased and those who have not. I am proud to support that principle. I should have thought that the Government would have made more of an effort to embrace that principle, but they have not. The Bill deals solely with the interests of people who have purchased their homes. The Government have singularly failed to take account of the interests and needs of those who remain tenants in defective housing.

I recall when the Minister came to the House to introduce the Bill. I pressed him to explain what would happen to those who had not purchased their properties and to local authorities faced with the enormous problems and cost of trying to assist them. He said that local authorities' problems would be taken into account by the Government when setting the housing investment programme allocations. What nonsense. If taking into account local authorities' problems means halving the housing investment programme allocations over three years—as my local authority and others have experienced—I fail to see how the Government can claim to be attempting to deal with tenants' difficulties.

In my constituency there is a tower block called Gambier house, built by the Bison wall-frame method of construction. Following the publicity that that method has attracted in the last year or two, the tenants of that block are deeply worried about the safety of their homes. In response, the local authority rightly undertook a thorough survey of the block to establish whether it is safe. The results are not yet known.

Unidentified sums may have to be spent by the local authority to ensure that the tenants are secure, safe and content. The local authority does not have sufficient resources to deal with the problems. Severe constraints have already been placed on its capital programme of work. When, two or three weeks ago, I raised the related issue of asbestos, which is dealt with in later amendments, I was told that no additional money would be available for local authorities to deal with that problem.

We can only assume that the Government, in the same way, will say that there is no additional money for local authorities to deal with the problems of defective housing as and when they become evident to local authorities. If so, other aspects of local authority housing programmes will have to suffer. It means that other tenants, to accommodate the problems of tenants in defective housing, will have their hopes and aspirations set back because local authorities will not have sufficient funds to help both those categories.

If the Government are really serious in saying that local authorities have the power to deal with the problem, they must surely appreciate that they do not have the resources to so so. If the Government are really serious about wishing to deal equally and fairly between those who have and those who have not purchased, they should at least have the decency to look at the overall cost to local authorities, to consider the picture around the country as a whole and to consider how the necessary programme of work can be phased. They must agree with local authorities how they can help with the necessary resources, without digging into the money already needed by other housing programmes.

In asking for a commission to be established and for a report to be made to Parliament, the Opposition are simply seeking to assist the Government in that process. We are simply telling the Government that it is crucial, not only for those who have purchased but for those who remain as tenants, that there should be a properly funded programme of work over a number of years, and that that must be planned by the Government in concert with local authorities and tenants' representatives.

The proper way to go about that is through a commission. If the Government reject that idea, they are rejecting the interests, needs and hopes of all those tenants —desperate and anxious—who are living in housing that has defects and needs work to put it right.

Mr. Simon Hughes (Southwark and Bermondsey): I apologise to the hon. Member for Norwood (Mr. Fraser) for missing the first few moments of his speech. No doubt he put forward the valid arguments that he, I and others put forward on Second Reading and in Committee. They should be supported in their entirety.

The Government will probably not move on this issue. We understand their approach—they intend to deal only with smaller, specific category of those who have bought their properties and not with those living as tenants in the defective system built houses. We do not expect a sudden conversion on the road to Damascus—although there should be, in the interests of long-term, domestic, satisfactory housing for a large number of our fellow citizens. They will need help sooner or later. The truth is that investment in housing sooner is cheaper than investment in housing later. If we do not spend money now on putting right the increasing number of houses that are deteriorating because they were built so long ago, when the problems increase the money will be even less readily available.

Of the two new clauses that we are discussing, we believe that the second, new clause 2, is the more important and desirable. It proposes an annual report. I ask the Minister to think again about the Government's attitude towards that proposal. If he cannot do so tonight, I hope that he will do so before the Bill has passed through its final stages. There are two reasons why an annual report would be useful and of great advantage to all sides. First, it would allow both us and the country to see exactly what proportion of this housing has been dealt with in a way that guarantees it a long-term future and its occupiers a decent lifestyle. Secondly, it would provide the Minister with an opportunity to tell us what he proposes to do about all the other types of system-built housing which have not yet been included in the groups that he has mentioned as eligible for assistance.

8.45 pm

There are many examples of that. One, of which I know the Minister is aware, is the problem with the 14,000 houses built under the British Iron and Steel Federation scheme after the war. The main intentions were to use surplus steel and to contribute quickly to demand for housing after the war. That housing is now in a bad state. Many of those properties are in London, including some in the borough of Ealing which is represented by the Under-Secretary of State for the Environment. That category of housing needs special help, support and money.

The Minister will have seen the recent article in the *Building Trades Journal*. It makes a fair, technical appraisal of the problems and suggests ways to deal with them. It makes it clear that one problem that becomes worse in that form of housing is the risk of fire. The passage of time as well as the corroding structure makes those houses more problematical.

An annual report would be an ideal opportunity not just to deal with the drop that the private sector—which will be eligible for money—represents in the ocean, but to allow the Minister to tell us how categories that have not been dealt with will be handled—both for those who have bought and for those who are still tenants.

If we are to have some concessions, but not many, from the Government, I hope that one will be an agreement to come to the House with an annual report so that, in time, we can put money into our housing stock that will provide investment for us and will increasingly prevent those living in those properties from what is already a most unpleasant experience that becomes worse by the week and substantially worse by the year. We must ensure that the job is done, and an annual report is the only way to do so.

Mr. Jim Craigen (Glasgow, Maryhill): I can well understand that the Government do not like quangos, but the Opposition do not like the exclusion of tenants, and the local authorities responsible for those tenants, from the beneficial provisions of the Bill. The tenants far outnumber the owners who will benefit from the Bill.

The Government are abandoning the local authorities in respect of the statutory responsibilities which they, as landlords, must fulfil to their tenants, because the costs of remedial work will be horrendous in the years ahead. The Government say that there is no immediate problem for certain types of structure, but the fact remains that there will be an almighty rush by those who have bought and now find that they can either claim the reinstatement grant or part of the repurchase price through the provisions of this legislation. I do not think they will take the view that time is on their side, and to that extent they will have a more immediate remedy than the tenants who remain.

On Second Reading I pointed out that, in an ironic sense, the Government, who are such firm advocates of council house sales, were denying thousands of tenants in those houses that have already been identified as having structural faults the possibility of home ownership, because building societies will not give mortgages or provide facilities to those who are in houses which have been so identified and have not thus far been purchased.

My hon. Friend the Member for Islington, South and Finsbury (Mr. Smith), with his Edinburgh education, recalled the phrase, "Ministers will take into account". That phrase is not unknown north of the border. It usually means that they will do nothing, although they do not want to make it too well known that they will do nothing. They simply say that they will take whatever it is into account. I think I see the Under-Secretary, the hon. Member for Edinburgh, South (Mr. Ancram), nodding in assent; he has the honesty to admit his rhetorical tricks. I have spent so much time dealing with the Scottis housing Minister, including a session of the Scottish Grand Committee this morning, that I know him only too well.

The AMA has put a figure of £5 million on remedying the faults that it believes have been identified, and that excludes the Scottish figure. That argues that there is a case for a body which can address its attention to the difficulties that will have to be resolved in a way that Departments of State do not necessarily gear themselves to because of the many other responsibilities which they must fulfil.

On Second Reading, the hon. Member for Reading, West (Mr. Durant) made a significant contribution about the Government's adoption of a moral stance in dealing

[Mr. Jim Craigen]

with the plight of owners. As I said then, and I repeat, we look for that same moral stance in dealing with the difficulties facing tenants.

I too am sceptical about annual reports. However, the purpose of the new clause is to have more than a document which will provide information. It is designed to have a document the preparation of which will oblige those responsible for doing things to state their case, to assess the nature of the problem and outline the action which will be taken.

The sort of problems that we discussed more fully in Committee have shown that there will be considerable on-costs for local authorities throughout the United Kingdom. The sooner the Government admit that they have a responsibility to tenants, as well as to owners, the better. For those reasons, we shall press the matter to a Division.

Mr. Ancram: I listened carefully to the remarks of the hon. Member for Islington, South and Finsbury (Mr. Smith) and I took it that he understood that the commission being proposed should be for the protection of the interests of the tenants of defective housing. If that was his intention, it is not reflected in the new clause, which says in subsection (1) that the advisory committee shall have

"the purpose of advising the Secretary of State about the operation of this Act".

Therefore, I took it that it referred to this Bill and the application of it to those who have purchased their houses.

Mr. Chris Smith: The hon. Gentleman has failed, however, to read further on in the new clause because under subsection (3) there is included within the remit of the committee

"any other matters which appear to the Commission"—

not to the Secretary of State—

"to be relevant to the discharge of any powers and duties created by this Act."

The Minister could not have been listening when I pointed out at the beginning of my remarks that the context within which the measure has come before Parliament, and within which it will operate, is crucial to Parliament in assessing the performance of the Government under the Bill.

Mr. Ancram: However the hon. Gentleman reads subsection (3), it relates to the operation and the effects of this measure and, as I said, the Bill is designed to help those who have purchased their houses. To that extent, the intentions that he portrayed are not reflected in what he has proposed. That reinforces the view that I put at the outset when I said that it would be a quango which would be there to advise and help the Secretary of State consult on matters about which he is already fully advised and on which he already fully consults. On that basis I hope that the hon. Gentleman will withdraw the new clause.

I listened carefully to the remarks of the hon. Member for Southwark and Bermondsey (Mr. Hughes). The information that he seeks is, and will be, available and can be persued through the normal process of parliamentary questioning. To set up a formal report and all that that would entail, in terms of cost and time, to produce the same information in a more formalised and rigid form would not serve the purpose he has in mind.

Mr. Simon Hughes: How, then, are we to have progress reports on the Government's consideration, for example, of British Iron and Steel Federation houses, which should be the subject of reports to the House on a regular basis?

Mr. Ancram: The Minister for Housing and Construction visited BISF houses yesterday and he is fully aware of the situation. As I said earlier, once this legislation is operative, it will be in everyone's interest to see that its purposes are being fulfilled, and for that reason the information will be gathered and progress monitored. That information would obviously be subject to questions from hon. Members. I hope that the hon. Member for Norwood (Mr. Fraser) will feel able to withdraw the clause.

Question put, That the clause be read a Second time:—

The House divided: Ayes 32, Noes 122.

Division No. 379] **[8.58 pm**

AYES

Banks, Tony *(Newham NW)*	McDonald, Dr Oonagh
Brown, Hugh D. *(Provan)*	McWilliam, John
Campbell-Savours, Dale	Madden, Max
Cook, Robin F. *(Livingston)*	Mitchell, Austin *(G't Grimsby)*
Craigen, J. M.	Morris, Rt Hon A. *(W'shawe)*
Davis, Terry *(B'ham, H'ge H'l)*	Owen, Rt Hon Dr David
Dewar, Donald	Pavitt, Laurie
Evans, John *(St. Helens N)*	Penhaligon, David
Flannery, Martin	Roberts, Allan *(Bootle)*
Fraser, J. *(Norwood)*	Rooker, J. W.
Hogg, N. *(C'nauld & Kilsyth)*	Skinner, Dennis
Home Robertson, John	Smith, C.*(Isl'ton S & F'bury)*
Hoyle, Douglas	Spearing, Nigel
Hughes, Simon *(Southwark)*	Stott, Roger
Janner, Hon Greville	
Kirkwood, Archy	Tellers for the Ayes:
Litherland, Robert	Mr. Allen McKay and
McCartney, Hugh	Mr. Frank Haynes.

NOES

Alison, Rt Hon Michael	Henderson, Barry
Ancram, Michael	Hind, Kenneth
Beggs, Roy	Hirst, Michael
Bellingham, Henry	Holt, Richard
Boscawen, Hon Robert	Howard, Michael
Brandon-Bravo, Martin	Howarth, Alan *(Stratf'd-on-A)*
Chapman, Sydney	Hunt, David *(Wirral)*
Chope, Christopher	Hunter, Andrew
Clegg, Sir Walter	Jackson, Robert
Conway, Derek	Jones, Robert *(W Herts)*
Cope, John	Kellett-Bowman, Mrs Elaine
Cormack, Patrick	King, Rt Hon Tom
Couchman, James	Knight, Gregory *(Derby N)*
Currie, Mrs Edwina	Knowles, Michael
Dorrell, Stephen	Knox, David
Durant, Tony	Lamont, Norman
Eggar, Tim	Lawler, Geoffrey
Fookes, Miss Janet	Lee, John *(Pendle)*
Forsythe, Clifford *(S Antrim)*	Lilley, Peter
Forth, Eric	Lloyd, Peter, *(Fareham)*
Fowler, Rt Hon Norman	Lyell, Nicholas
Fox, Marcus	McCrea, Rev William
Gale, Roger	Macfarlane, Neil
Galley, Roy	MacKay, Andrew *(Berkshire)*
Garel-Jones, Tristan	Maclean, David John
Gow, Ian	Malins, Humfrey
Gregory, Conal	Malone, Gerald
Griffiths, Peter *(Portsm'th N)*	Marland, Paul
Gummer, John Selwyn	Mather, Carol
Hamilton, Hon A. *(Epsom)*	Maude, Hon Francis
Hamilton, Neil *(Tatton)*	Mayhew, Sir Patrick
Hanley, Jeremy	Mellor, David
Hargreaves, Kenneth	Merchant, Piers
Harris, David	Miller, Hal *(B'grove)*
Harvey, Robert	Molyneaux, Rt Hon James
Hayes, J.	Moore, John
Hayward, Robert	Moynihan, Hon C.
Heathcoat-Amory, David	Murphy, Christopher

Neubert, Michael	Thatcher, Rt Hon Mrs M.
Newton, Tony	Thompson, Patrick *(N'ich N)*
Nicholls, Patrick	Thorne, Neil *(Ilford S)*
Onslow, Cranley	Thurnham, Peter
Page, Richard *(Herts SW)*	Twinn, Dr Ian
Peacock, Mrs Elizabeth	Vaughan, Sir Gerard
Powell, Rt Hon J. E. *(S Down)*	Viggers, Peter
Powley, John	Waddington, David
Proctor, K. Harvey	Wakeham, Rt Hon John
Roberts, Wyn *(Conwy)*	Walker, Cecil *(Belfast N)*
Rowe, Andrew	Waller, Gary
Sackville, Hon Thomas	Wardle, C. *(Bexhill)*
Sayeed, Jonathan	Watson, John
Shaw, Sir Michael *(Scarb')*	Watts, John
Shepherd, Colin *(Hereford)*	Wells, Bowen *(Hertford)*
Smith, Tim *(Beaconsfield)*	Whitfield, John
Soames, Hon Nicholas	Winterton, Mrs Ann
Spencer, Derek	Winterton, Nicholas
Stanbrook, Ivor	Wolfson, Mark
Stern, Michael	Wood, Timothy
Stevens, Lewis *(Nuneaton)*	Yeo, Tim
Stevens, Martin *(Fulham)*	
Stewart, Allan *(Eastwood)*	Tellers for the Noes:
Stewart, Andrew *(Sherwood)*	Mr. Tim Sainsbury and
Taylor, Teddy *(S'end E)*	Mr. John Major.

Question accordingly negatived.

New Clause 3

APPEALS

'The Secretary of State shall by order make provision for persons to appeal against decisions and determinations made under this Act namely—

(a) any decision by a local authority and any exercise of a judgment or discretion under this Act;

(b) any determination of a value by the district valuer.'. —*[Mr. John Fraser.]*

Brought up, and read the First time.

Mr. John Fraser: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Mr. Paul Dean): With this it will be convenient to discuss Government amendments Nos. 7, 9, 15, 26, 28, 29, 31 and 32.

Mr. Fraser: We discussed this matter in Committee. In a series of clauses, but especially in clause 3, local authorities must be satisfied that certain conditions are met. That means that a local authority, which might be hard up for cash, will have to make a judgment about the eligibility of the owner of the dwelling for repurchase or reinstatement grant and about its resources. That is bound to expose local authorities to criticism, even if they act in good faith—I am not suggesting that anybody would act spitefully or maliciously—if they make a decision that runs contrary to the properly held views of the private owner or his professional advisers on, for example, whether a dwelling qualifies. There is bound to be a nasty taste in the mouth if there is such a difference of opinion and if it is thought that the local authority's decision was motivated by, for example, shortage of cash. Much the best way of tackling these matters is to make the local authority's decision subject to some form of appeal or review by the court. It would be wrong to allow a local authority to be the provider of funds and the judge of whether an owner is eligible for assistance.

That is why I have tabled new clause 3, which introduces the right of appeal. However, I do not think that I need to say more, as I believe that the Government have taken the point on board in their amendments.

Dr. David Owen (Plymouth, Devonport): I support new clause 3 and hope that the Government intend, through some of their amendments, to clarify this matter in another place. I hope that if the Government make the matter justicial and allow for appeals on decisions made by local authorities, they will take the opportunity in the other place to look more widely at the injustices that might occur for private tenants.

I agree with all that the hon. Member for Norwood (Mr. Fraser) said. It is entirely right to remind the House of the financial pressures on local authorities. It is estimated that the defects provision could cost west country councils £76 million. I refer to councils in Avon, Devon, Cornwall, Dorset, Gloucestershire, Somerset and Wiltshire. There is a strong concentration of such housing in the west country. Bristol has 5,500, Restormel has 1,496, Plymouth has 2,528, Thamesdown has 2,004 and Taunton Dene has 998. In the west country, wages are low and local authorities have generally kept within Government guidelines. Therefore, they do not have enough money to absorb such expenditure. With these financial pressures, good local authorities will find that they have to make difficult decisions or, as the hon. Member for Norwood said, people will feel that a decision has been prejudiced by financial stringency.

Having read the report of the Committee stage, I understand that the Minister has not yet come up with any clear-cut assurances that local authorities will have the costs refunded to them. I understand that he has been able to offer some generalised commitments to take account of housing need, but he has not been able to quantify the extra resources that will be needed. In those circumstances, a method of appeal becomes extremely important.

I attach importance to paragraph *(b)*, which relates to the district valuer. He is in a critical position in regard to determination of the price that should be paid. My constituents are worried that an unrealistic costing will come from local authorities, so they want to be assured that they will be able to appeal.

9.15 pm

My plea to the Minister, especially if he is prepared to look at the new clause and to table amendments in the other place, is to consider what happens to private tenants who are unable to get mortgages. Those people in particular should have a right of appeal if their local authority will not make special provision for them.

I thought that on Second Reading the Minister showed great understanding of the problems that people would face when trying to raise mortgages. I understand, too, that there have been lengthy discussions with building societies to try to reach agreement on the matter. I have not heard a statement from the Minister about that, unless I have missed it. I urge him to make it possible for householders to challenge local authority decisions and to take into account not just market valuation but the availability of mortgages. If mortgages are not available, it is still my belief that local authorities should provide them.

Some method of appeal should be available on a wider scale than that included in new clause 3. If the Minister intends to meet the intention behind new clause 3, I hope he will assure us that he will interpret it rather wider: not just on the valuation or on the local authority's judgment, but on that most serious area of all—mortgages.

Mr. David Penhaligon (Truro): I support my right hon. Friend the Member for Plymouth, Devonport (Dr.

[Mr. David Penhaligon]

Owen). The concentration of defective houses in the south-west is not suprising, because all the Cornish unit versions of these houses were built originally at St. Austell in my constituency. One of the authorities most affected is Restormel, which covers St. Austell.

Although we wish for and would support an amendment that would improve the appeal procedure, the real answer is to create a situation in which it is not necessary for the local authorities to buy back the houses.

Taking into account the houses in my constituency and bearing in mind the views of those who have already purchased them, there seems to be no desire to sell the houses. After all, the people bought them voluntarily only a few weeks ago. They do not wish to sell them back to the council, other than because of their fear that they will not be able to sell them again because of the difficulties that potential buyers would face in getting mortgages. The Minister could save a great deal of Government expenditure if he could persuade mortgage companies to make a more realistic appraisal of the Cornish unit houses or offer some kind of guarantee.

I welcome new clause 3. I believe that it will help in some marginal circumstances. However, I ask the Minister to apply his mind to the advantages of solving the real problem. People fear that in the long term they will not be able to sell the properties.

Because of these fears, it is worth seeking information from the Minister on how bad the Government believe the properties to be. People have lived in them for 20 years. There seems to be little damage to them. They are old-fashioned, and I cannot recommend their sound insulation standards, but there is not much wrong with them. One would be hard pressed to find such a house anywhere in the south-west that is in real danger of collapsing. I have not seen one, but pieces of concrete are flaking off some of them, where, say, a bar has gone rusty. That is not ideal, and I can understand why people want repairs to be carried out.

The hype and the feeling towards these properties suggest that one should walk down the streets very carefully, because, if one stamps too hard, two or three houses might fall down. That is manifestly not the position. People who have lived in the houses for years have in the past 12 to 18 months bought them from the local authority. They live in the houses, so they have some reason to back their own knowledge.

Therefore, although I welcome the new clause, I hope that the Minister will apply his mind to a different solution. By all means, let us have the buy-back provision, but most people do not want to sell, although they may eventually use the buy-back provision at great cost to the Government, merely because they fear that the resale value of the property later will be vastly less than they expected because of the mortgage problem.

Mr. Gow: I endorse the point made by the hon. Member for Truro (Mr. Penhaligon). He will not doubt have seen the Building Research Establishment information paper published in October 1983 which stated that the great majority of the houses studied, including the Cornish units to which the hon. Gentleman referred, were found to be structurally in sound condition, that cracking in a proportion of houses of all types would not occur for some years and that a few houses might no disply any evidence of deterioriation for 30 years or more. Therefore, I agree with the hon. Gentleman and his right hon. Friend the Member for Plymouth, Devonport (Dr. Owen) and I commend those wise comments to the House. This affects another point that was made earlier in our debates in that the local authorities' responsibility to carry out repairs may fall to be discharged only over an extended period.

I should make it clear to the rigth hon. Member for Devonport that a reinstatement grant will be made as the suitable and proper form of assistance only if the property will be mortgageable in the private sector when the work has been carried out, because part of the problem is that people who bought their houses believing them to be without defects now find that prospective purchasers cannot obtain martgages. That is absolutely central to the scheme. If the local authority is not satisfied that the property will be mortgageable instead of a reinstatement grant it will give the private owner the opportunity to sell the house back to the authority.

As the right hon. Gentleman was especially concerned abut mortgageability I should also tell him that we have been having discussions with the Building Societies Association and the National House Building Council about a proposal that the council should operate a scheme for approving methods of repairing PRC houses and providing a warranty similar to that offered by the NHBC in respect of new houses built in the private sector. If such a scheme can be devised, as I hope that it can, that would meet the right hon. Gentleman's anxiety.

In moving the new clause, the hon. Member for Norwood (Mr. Fraser) reminded the House that it was identical with one that he moved in Committee on 22 May, when I gave an undertaking to consider the thinking behind it. With the new clause, we are discussing amendments tabled by the Government in response to the point raised by the hon. Gentleman in Committee. Our amendments do not go quite so far as the hon. Gentleman would wish, but I believe that they meet the main part of his anxiety.

Amendments Nos. 7 to 9 would delete from clause 2(3) *(b)* the words

"the appropriate authority are satisfied that".

As a result, the test of eligibility under clause 2(3)*(b* will be objective and the county court or sheriff court will have jurisdiction to determine the matter under clause 2(3)*(b)*, clause 12 or clause 13 as appropriate. The question of eligibility for assistance, which is dealt with in clause 2, is fundamental to a person's entitlement to assistance. Amendment No. 15 opens all questions of eligibility to determination by the county court.

In these circumstances I hope that the hon. Gentleman will withdraw his new clause. I commend the amendment to the House.

Mr. Chope: Will the Minister tell the House whether the same provision should apply to the subsection relating to special circumstances, in which a person in special circumstances wishes to sell his house back to the local authority because he has no time to wait to see whether he is entitled to a reinstatement grant? That is contained in clause 3(5). The same test is contained in that clause as the test which the Minister says he is reviewing in relation to the earlier clause. Will he consider amending this at the same time?

Mr. Gow: We have considered that possibility, but after the most careful thought we concluded that the best way to proceed is, as the Government have suggested with

these amendments. My hon. Friend makes a fair point and I promise to look at it again. If we think that a further change should be made we shall table an amendment to that effect in another place.

Mr. John Fraser: Before I ask leave to withdraw the new clause, I shall make some comments. I accept that the Government have tried to meet the point that I made in Committee, and that local authority decisions are now justiciable. However, in technical matters regarding whether houses are defective, it is sometimes better for a body, such as the Lands Tribunal or the body that deals with leasehold enfranchisement valuations, to make the decisions, rather than a county court judge. A county court judge or sheriff will have to make a judgment on the competing evidence of two surveyors. It may be cheaper and quicker for the decision to be made by arbitration. Moreover, many people fear going to court. People who sought to take advantage of the Mobile Homes Act 1983 felt inhibited because they had to appeal at the county court and to a berobed judge and because of the costs of legal proceedings.

I agree with the right hon. Member for Plymouth, Devonport (Dr. Owen) that on occasion people have serious reservations about the decisions of the district valuer. Under the 1980 legislation, the appeal from a decision of the local authority about the valuation of a dwelling lies with the district valuer. From time to time people genuinely believe that the district valuer is wrong. There should be a further review, perhaps by a senior district valuer from another district, or by a body such as the rent assessment committee, which at present deals with valuations in leaseholder format cases. In some cases it is not right that the district valuer is the final arbiter. Where there are serious grounds for disagreeing with his conclusions, the matter should be taken elsewhere.

I ask the Minister to think about those matters. They are not party political matters, and I ask about them in good faith. Perhaps he will consider taking them further in another place. I know that my colleagues in the other place may seek to raise them.

Mr. Gow: I give the hon. Gentleman the undertaking for which he asks.

Mr. Fraser: I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 1

DESIGNATION OF DEFECTIVE DWELLINGS

9.30 pm

Mr. John Fraser: I beg to move amendment No. 1, in page 1, line 6, leave out 'may' and insert 'shall'.

Mr. Deputy Speaker: With this it will be convenient to take the following amendments: No. 2, in page 1, line 10, after 'construction', insert 'or presence of asbestos'.

No. 4, in page 2, line 38, at end insert—

'(8) For the avoidance of doubt it is hereby declared that in making a designation under this section the Secretary of State shall have no regard for the date of design or construction of the buildings concerned nor of the materials or methods used in their construction save insofar as these have given rise to the qualifying defect.'.

No. 5, in page 2, line 38, at end insert—

'(8) For the avoidance of doubt it is hereby declared that in making a designation under this section the Secretary of State shall have no regard for the date of design or construction of the buildings concerned.'.

Mr. Fraser: Amendment No. 1 makes it mandatory for the Minister to take a designation order if he is satisfied that dwellings are defective. I realise that it is unusual to place a mandatory duty on Ministers, and if he assures the House that he will always act on information coming to him to the effect that a group of houses or a class of dwellings is defective, I shall be satisfied. But it is important that the House is assured that the Minister will not pick and choose between groups of dwellings, and that once evidence comes to him that is similar to the evidence on the existing 26 classes of dwellings, he will make an order giving the purchaser appropriate rights to a repurchase or reinstatement grant.

Once the Minister makes a designation, the position will be watched carefully not just by owners but by tenants. Even if only a few people have purchased houses outside the 26 classes already proposed to be designated, and even if no homes are purchased in a class of defective dwellings, the Minister should still be willing to make a designation under clause 1. He should not have regard to when the dwelling was designed or built, which materials were used or the method of construction; the only matter that should be in his mind when he decides whether a class of dwellings is defective is the test in the Bill.

Shelter says:

"In the future, designation under the Housing Defects Act will give official recognition to the existence of defects in a particular class of buildings. As such it will be an important focus of action by both owners and tenants."

It is likely that tenants will wish their homes to be designated, because once they have been designated as defective it will be much easier for the tenants to put pressure on their local authorities for the appropriate steps to be taken to remedy the defects and, in turn, it will be much easier for local authorities, when putting forward plans for their housing investment programmes, to say to the Minister, "You have already designated this class of dwelling as one in which the owners will be assisted by local authorities under the Housing Defects Act, but we can make out a case for having more assistance from the Government under our housing investment programme to provide for the needs of our tenants." It will be a lever that tenants can use on their local authorities, and that the authorities can put on the Government. For that reason, the definition of defective dwellings should be widely drawn to assist their occupants to assert their rights more effectively.

The Minister should also be willing to designate dwellings as defective if they have a problem with asbestos, because that will enable tenants, as opposed to owners, to put pressure on their local authorities. I do not know how many dwellings that are badly affected by asbestos, which is expensive to remedy, have been sold into the private sector, but there may be a few. I expect that a few misguided people will have got them. It is a massive problem for local authority tenants.

Lambeth Council has identified 11,000 dwellings that will need major repairs and refurbishment because of the presence of asbestos. It is calculated that in Lambeth the total number will eventually reach about 20,000. The cost of removing asbestos from those dwellings will be approximately £20 million. Lambeth comes in for little

[Mr. Fraser]

criticism, but in case this leads to criticism, I must point out that most of these dwellings were built by the Greater London council, not by Lambeth borough council, and were handed over forcibly under the Government's reorganisation. The opportunity to designate a dwelling because of the presence of asbestos should not be omitted, not only to do justice to the private owner but to give additional weight to the arguments of the tenants.

Mr. Robert Litherland (Manchester, Central): I have a vested interest in my constituency. The purpose of the Bill is to introduce a statutory scheme of financial assistance to private owners who have found that houses sold to them by public authorities are defective. The Bill will cover houses that are defective because of design or construction and it will affect only about 16,500 dwellings which were built before 1960. I do not know why the Government picked 1960 as the magic year because most of the defects that have been discovered in Manchester have been in dwellings built since 1960.

The Opposition have never been opposed to the sentiments of the Bill. What we have opposed from the very beginning have been its glaring omissions. The Bill will assist a number of private owner-occupiers. These people have had a raw deal and it is right that they should be reimbursed. They are victims of bad design or construction, untried building techniques and poor quality materials. They are the victims of system package deals which have blighted many housing estates, as we have heard tonight, in the Second Reading debate and in Committee.

Council tenants are in an even worse predicament if Manchester is anything to go by. It is estimated that about 1 million houses have been built by different system methods since 1960. The Minister has informed us that not all or even the majority of them suffer from serious defects which are the result of the building system. I do not believe that the Minister had done his homework. My hon. Friend the Member for Islington, South and Finsbury (Mr. Smith) and other hon. Members have given examples of catastrophes experienced by different local authorities.

I know what has happened in the Manchester area. How can the Minister ignore the request that the systems to which we have repeatedly referred should be included? How many times must I tell hon. Members, in the House and in Committee, about the devastation and upheaval caused by Bison Concrete Northern Limited? The Wellington street estate was built 10 years after 1960, the date stipulated in the Bill. Yet 10 years after construction, 1,018 flats that were built by that company are being demolished. Can hon. Members imagine the human suffering caused by living in the midst of the demolition? It is a living nightmare because of vandalism, fires and burglaries. Yet these tenants, through no fault of their own, have to live in deplorable conditions.

The local authorities are not recognised in the Bill. They took the decision to build this type of accommodation on the persuasive arguments of various Governments, who altered housing subsidies to entice high density living, which will now have to be demolished. People will have to be rehoused and new buildings will have to be built, whole the local authorities pay off the original loan debt charge. In this case, Manchester city council will be paying it off over the next 50 years, but that is not recognised in the Bill. How can the Minister glibly say that there is no evidence that all or even a majority of these houses suffer from serious defects as a result of how they were built?

My hon. Friend the Member for Islington, South and Finsbury said that an inspection had been made of properties built by Bison. If it was anything like the inspection made in Manchester by consultants who specialise in this type of property, the same problems will have been found. There will be inadequate bearings on bridge supports, stairwells leaning away from the main structure, insecure exterior wall panels, and an estimated cost to put the matter right of £9 million. There is no guarantee that if the council meets that sum, and that if such vast amounts of money are expended, the final result will be satisfactory. So, after spending £5·25 million on the Bison construction Manchester council is now having to spend another £9 million.

Since £5·25 million has been spent, the Minister cannot deny that this deterioration was not caused by lack of maintenance. It is a bit like buying a broken-down car that is irreparable and trying to blame the mechanic when he cannot put it right. The £9 million, or whatever Islington council has to pay, will not put the matter right. These properties deteriorate as one looks at them. Manchester city council received permission from the Department of the Environment to demolish some of these buildings. What are the Government's future proposals to give financial assistance to local authorities in these positions?

Bison is not the only contractor at whom I can point the finger of failure in this type of construction. Another contractor in my constituency, whom I have mentioned before, is Simpson and company. The same structural defects are emerging in a survey in an estate that that company built in the Hulme area of my constituency. New Jerusalems were being built, with Regency suites, terraces, and building contours, and we were shown artists' impression of courting couples walking hand-in-hand over rustic bridges and old people sitting in tree-lined square enjoying the environment. The reality is utter failure. Somebody, somewhere, must be responsible for the misery in these people's lives and the housing conditions that they are having to endure.

The Government are turning a blind eye to the massive housing failures because they are well aware of the gigantic cost of putting them right. The Government are hoping that the problem will go away, but it is becoming more acute with Government cuts in local government spending. That, in turn, affects maintenance, which in turn accelerates the deterioration of these estates and forces demolition, so that the tenants have to be rehoused. The Government will not confirm or deny that there will be a freeze on new house building soon. That will have an effect, if it happens, on the problems of rehousing people who have to be decanted from these defective properties.

That is the mess that the Government are in, and that is why we tell the Government that it is time to stop tinkering about with the problem. The bill does little to combat the disease of system building. That requires major surgery, and major financial support to get these properties sorted out.

9.45 pm

My hon. Friend the Member for Norwood (Mr. Fraser) mentioned asbestos. That problem is reaching serious proportions on the estate that I have already mentioned.

I do not want to over-dramatise the situation but priority must be given to the problem caused by the recent use of asbestos in public buildings. Inspection teams consisting of councillors and officers have had to be set up to determine financial priorities after the asbestos content of building materials has been analysed. Decisions on financing from the HIP allocations have already been taken and special allocations have been put on one side to deal with the asbestos problem. About £750,000 has been put on one side by the city council from the 1984-85 allocation. That will not go far, because one estate has about 500 houses which were built wih asbestos roof sheeting, and the replacement cost is estimated at about £500,000. Any damage to such asbestos sheeting means that the whole roof must be reinstated with another material because once asbestos is damaged it is dangerous. Large estates in Manchester and in my constituency are now affected to some extent by the use of asbestos.

It will be costly to replace asbestos that has been used for wall cladding, for example, on the deck access estates such as Wellington street and Hulme. It is all right for the Minister to say that that cost can be spread over several years, but the tenants want the repairs made now. Where asbestos has been used on exterior walls, rainwater pipes, gutters and so on, it can be removed with minimum effect on the tenant. However, if, as in the mid-1960s and early 1970s, asbestos has been used for lining such things as heater cupboards or outlet grills, the dangers are greater. Local authorities may then have to decant tenants, at an enormous financial cost.

Such materials were once acceptable but are now found to be not only defective but dangerous. They have been used to build houses since the time stipulated in the Bill. The problem will not go away. I do not want to over-dramatise, but in my area this is an emotive issue. The money must be found to meet this great expense. We are asking the Government to recognise the problem and stop tinkering about with it. This is only the tip of the iceberg. They should make money available for defective property that is no fault of the tenant or local authority.

Mr. Chris Smith: I rise briefly to add my pleas to those of my hon. Friends the Members for Norwood (Mr. Fraser) and for Manchester, Central (Mr. Litherland) on the issue of asbestos which is outlined in amendment No. 2.

Asbestos was widely used, particularly in the construction of council flat estates in the 1950 and 1960s. It is now widely recognised that asbestos, especially soft asbestos and especially where it is either damaged or able to be damaged, is dangerous to health. The Minister of State, Department of Employment admitted as much to the House last autumn. The fears of tenants and those who have purchased flats on estates where asbestos has been used are great. There are fears about the effect of asbestos dust on their health, and especially on the health of their children, as children are more susceptible to damage from asbestos than are adults.

I raised this issue under the Adjournment debate procedure some four weeks ago with regard to existing council tenants, and drew attention to the Bemerton estate in King's Cross which suffers particularly from this problem. It is an estate of 600 flats in my constituency. This very night tenants of the Bemerton estate are speaking at the housing committee meeting in the borough of Islington about the problems they face, and are seeking urgent assistance from the borough to remove all dangerous asbestos from the estate. When I raised the matter, the Parliamentary Under-Secretary of State for the Environment, who sadly is absent from the Chamber, expressed sympathy with the plight of the tenants and of the local authority, but offered no practical assistance to help the local authority. I believe that this is a failure by the Government to make available resources that are needed, and to recognise the problem.

Because of that failure by Government to help local authority tenants, I support the amendment, which will provide some assistance at least to the small number of people who may have purchased such properties. A number of those who have applied to purchase or who have purchased, properties on the Bemerton estate is small, but the problem is as acute for them as it is for tenants who are left wondering whether the local authority will have sufficient money to deal with their problems. Any person faced with the danger of asbestos and the possibility of damage to his health or that of his children is surely as justified to be concerned about the condition of his dwelling as a person living in a dwelling which, by the nature of its structure, gives rise to problems.

I therefore hope that the Government will accept, or show signs of being prepared to consider accepting, that the potential danger of asbestos is just as damaging to the welfare, health, safety and comfort of tenants and owners in properties, whether purchased or not, as the possibility of faults in the original construction.

As we now know, the inclusion of asbestos was a design fault in the first place. I hope that the Government will accept this not just for the relatively small number of people who will be directly affected, but because it would demonstrate to thousands of people who will not be directly affected or assisted by the Bill, yet who face the same problem as tenants on estates in which asbestos is used, that the Government have recognised the problem, and will take it seriously when considering resource allocation to local authorities facing such problems. I hope that the Government will give some consideration to those thousands of people in the country who deserve a better hearing from the Government than they have hitherto had.

Mr. Ancram: The hon. Member for Norwood (Mr. Fraser) asked for assurances. He should know that since we have introduced the legislation and taken the initiative we need no encouragement to pursue the course of action suggested in the amendment. When it is necessary to use the power to assist owners we shall. I hope that the hon. Gentleman will withdraw amendment No. 1.

The hon. Member for Norwood and the hon. Member for Manchester, Central (Mr. Litherland) referred to dates. I suspect that in their minds was the date placed on houses using load-bearing PRC components. I am sure that the hon. Member for Norwood appreciates that nothing in the Bill prevents the Secretary of State from designating a class of buildings by reference to such matters. Reference to the date when a building was designed or constructed will not always be arbitrary. I shall explain why it has arisen in one case. A type of building might be conveniently described by reference to the date of its design or construction, particularly when one firm designed or constructed several variations of the same type and only one variation was defective by reason of design or construction.

When PRC load-bearing component houses were involved, our designation was limited to the category

[Mr. Ancram]

constructed before 1960 because only they were shown to be defective as a class nationally. The 1960 date marks a change in the physical characteristics of PRC dwellings. Only those designed before 1960 have been shown to be defective as a class. If there were evidence that other classes of building met the criteria in clause 1 on a national basis the Secretary of State would examine the evidence and decide whether he should exercise his power to give assistance to owners, bearing in mind the other uses of his powers. The date of design or construction and the materials or methods used are likely to be relevant only in so far as they are typical of various classes of dwelling which have been, or may need to be, examined for the purposes of establishing whether they should come within the assistance scheme. In the light of my comments, I hope that the hon. Member will not press the amendment.

The Minister for Housing and Construction and myself are worried about asbestos. We do and shall continue to take it seriously. The amendment on that subject is unnecessary because clause 1(1) gives the Secretary of State power to designate as a class any buildings consisting of or including one or more dwellings if it appears to him that the buildings in the proposed class are defective by reason of their design or construction and, secondly, that general knowledge of the relationship between the proposed class of buildings and the defect of design or construction has led to a substantial reduction in the value of some or all of the dwellings. The amendment is unnecessary since, when a building is defective because of its design or construction through the use of asbestos, the terms of clause 1(1) already suffice. After that assurance, I hope that the hon. Gentleman will not press the amendment.

Mr. Terry Davis (Birmingham, Hodge Hill): Do the Government intend to designate Smith houses so that they benefit under the Bill?

Mr. Ancram: The Government have not yet made a decision, and it would be premature for me to make a statement about it now.

When asbestos fits the criteria in the Bill, designation will follow.

It being Ten o'clock, the debate stood adjourned.

Ordered,

That, at this day's sitting, the Housing Defects Bill may be proceeded with, though opposed, until any hour. — *[Mr. Major.]*

Question again proposed, That the amendment be made.

Mr. Terry Davis (Birmingham, Hodge Hill): I must express my disappointment, and that of my constituents, at the news that the Government still have not made up their mind whether to designate Smith houses as one of the groups that will qualify for the national scheme. It is more than a year since the Government, under pressure from both sides of the House, accepted the need for an investigation into Smith houses. The problem affects many people in my constituency and elsewhere in the city of Birmingham. There was all-party agreement when the Government announced at Easter 1983 that there would be an investigation by the BRE into a number of systems, and that Smith houses should be added to the list.

We were disappointed that the report on Smith houses came out a few weeks after the report on the other types of system-built houses. Yet that is almost six months ago. The Government have had sufficient time to reach a decision. On Second Reading, the Minister dodged the question. When he was pressed about Smith houses he told us — two months ago — that he was still considering whether Smith houses should be included in the mandatory scheme. He said that he expected to reach a decision following his visit to Birmingham in May. A month has passed since that visit, but we are still waiting for the Minister to make up his mind.

While the delay continues, people in the city of Birmingham who have bought their houses from the local authority are in a state of great uncertainty. They do not know what will happen. They suffer from all sorts of defects in their houses. I know of people with failing eyesight who suffer the problem of wavy floors. The DHSS says that it is waiting for the bill. Other people are tied to Birmingham because, having bought their houses, they cannot sell them. They may wish to move because of the high rate of unemployment or they have retired and wish to move nearer to their families—perhaps married children living in other parts of the country.

While the Government procrastinate, a kind of feudalism is being introduced in Birmingham—it is 20th century feudalism. If the Minister wants to intervene I shall be happy to give way. I hope that he will say that, in view of my remarks, he has decided to make Smith houses the 29th group.

Mr. Gow: I visited Birmingham on 25 May and I saw a number of Smith houses. The problem is complex because we must decide whether the defects in the houses are common to the Smith type as a class or whether there is a local problem.

Two options are available under the Bill. First, there is the designation by my right hon. Friend under clause 1 and, secondly, there can be a local designation if a house is not designated by my right hon. Friend. I assure the hon. Gentleman that my right hon. Friend will announce his decision about the Smith houses at the earliest opportunity. The issue is complex and I shall be glad to have a further word with the hon. Gentleman later.

Mr. Davis: I shall be delighted to have further words with the Minister either in the House or behind the Chair. I hope that an early decision means before the Summer Recess, which is still about six weeks away. I do not understand why it is taking such a long time to reach a decision.

It is more than a year since representations were made by an all-party delegation to the Minister's predecessor. It is more than six months since we received the report from the BRE. It is more than a month since the Minister visited Birmingham. I do not know how often he visits Birmingham, but he is very welcome there. I shall be happy to show him the defects in the Smith houses in my constituency if he needs any convincing of the seriousness of the problem.

We look forward to an early decision. If the Minister does not reach a decision before the Summer Recess, he will hear something about that in the Adjournment debates.

While we want an early decision, we hope that it will mean Smith houses being included in the national scheme. I appreciate the effect of clause 10 and the possibility of a local scheme, but that is not satisfactory to hon.

Members who represent Birmingham constituencies, for it would still depend on money from the housing investment programme.

We have had recent experience of the Government cutting the housing investment programme for the city of Birmingham, and that has had a tremendous effect on improvement grants and on urban renewal in the city. We would not be happy, therefore, if Smith houses were added to the burdens on the city council of Birmingham. We want Smith houses to be regarded as a national, not a local, problem.

Mr. John Fraser (Norwood): The purpose of the amendment was to elucidate the use of clause 1, and we have had sufficient assurances about designation if buildings have asbestos in them, about the materials used in construction and about the way in which the Minister will work on the criteria which come to him in making orders.

I wish, in making a final comment about asbestos, to illustrate the theme of equity between people in the private and public sectors. Under the Bill, a person who finds his home hard to sell—that is really what it amounts to—because there is a possible defect, or even because of the reputation of the building, will, under the circumstances, have the right to sell that dwelling back to the local authority and to move elsewhere.

Many dwellings which are let have problems with asbestos. Those dwellings have no less of a bad reputation than the dwellings which may have an apprehended defect because of the use of PRC reinforcement. On the one hand, therefore, we have homes that are hard to sell but in respect of which there is a remedy. On the other, local authorities have homes which are hard to let because of their reputation and defects.

In my constituency there is the new Loughborough estate, built by the GLC and handed over to Lambeth borough council. There, the problem of decanting tenants to clear the premises of asbestos is an absolute nightmare because the local authority does not have enough money to undertake a quick programme; it must try to dovetail the removal of asbestos from the Loughborough estate with many other requirements, such as the re-proofing of other buildings. It is therefore a slow process because of insufficient money.

It is even more difficult to manage the estate because of the reputation of the dwellings being hard to let, and I am sure that that experience is reflected by many hon. Members in their constituencies. There are also the problems of squatting and dwellings left vacant for long periods because people do not want to move into them.

I plead with the Minister to try to treat both sectors with equal care. If he has the courage to designate dwellings in the private sector as being defective because there is asbestos in them, he will give a boost to local authorities and tenants if he can get their rented dwellings, dealt with more rapidly.

However, I believe that the Minister has given sufficient assurances about the use of clause 1 to justify my begging to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 2

ELIGIBILITY FOR ASSISTANCE

Mr. Gow: I beg to move amendment No. 6, in page 3, line 13, leave out 'the person concerned' and insert 'a person to whom this section applies'.

Mr. Speaker: It will be convenient to discuss at the same time Government amendments Nos. 8, 23 and 35.

Mr. Gow: The purpose of this group of amendments is to clarify the position of personal representatives and beneficiaries and to extend the provision at present contained in claue 4(6) to include any person who acquires a relevant interest otherwise than on a disposal for value. These amendments improve the Bill, and I commend them to the House.

Amendment agreed to.

[Continued in column 569]

10 DOWNING STREET

From the Private Secretary

6 June 1984

DEFECTIVE HOUSING

The Prime Minister has seen Mr. Gow's letter of 25 January and your letter to me of 31 May. She is grateful for the work that has been done in trying to quantify the problem of defective housing. Although the outcome of this investigation is disappointing, the Prime Minister reluctantly agrees that, for the reasons given, the scope of the Housing Defects Bill should not be extended to houses originally built in the private sector. She has also noted that insurance does not look likely to contribute much in the near future to a solution.

The Prime Minister has noted that Mr. Gow is in touch with Sir Ian Gilmour about the case in Chesham. She would be grateful for a report in due course on whether, with its known defects, the rateable value of the house in question is sufficiently reduced to enable it to qualify for an improvement grant.

I am copying this letter to Henry Steel in the Solicitor General's Office.

MR. A. TURNBULL

Paul Britton, Esq.,
Department olf the Environment.

Ted 1764

Andrew -

Minute at Flap: It does not appear to have been attached when this minute went to the PM

CST 6/6.

PRIME MINISTER

Ian Gow has been pursuing the problem of defective houses, particularly those built using prefabricated reinforced concrete. (This arises out of the case of a constituent of Sir Ian Gilmour, whose father, Mr. Godfrey Phillips, is a constituent of yours.)

Ian Gow has concluded:

(i) that no accurate estimate can be made of the number of PRC houses built in the private sector but it may run into five figures

(ii) that the purpose of the Housing Defects Bill is not to solve the problem of defective housing but to maintain the Government's reputation as a vendor

(iii) that in consequence the scope of the Bill should not be extended

(iv) that the scope for using improvement grants is limited

(v) that not much is to be hoped for from better insurance

Although this is disappointing, agree Mr. Gow's conclusions?

AT

A very tough decision - but as Ian will only have come to it with great reluctance - I can only support it -

5 June 1984 but with equal reluctance.

MT

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

Minister for Housing and Construction

31 May 1984

Dear Mr Turnbull,

DEFECTIVE HOUSING

Your letter to me of 30 January on defective PRC houses built by the private sector asked for a report in due course on further investigations by the Department on the number of privately-built dwellings which might be classified as defective dwellings as a result of designations under the Housing Defects Bill.

Further searches have failed to reveal any reliable source of information on the number of PRC or other types of possibly defective house which may have been privately built. Housing statistics, collected by Government, do not identify the method of construction of houses built for the private sector. Records kept by the National House Building Council, for the purposes of their scheme of insurance for new houses, are not available for the period before 1960, when the great majority of PRC houses were built. Plans of all houses will have been deposited with local authorities for the purposes of local building control but we can see no practical way of retrieving this information. The companies which manufactured components for these prefabricated houses probably kept records of the destination of those components but of the 28 companies which we know to have produced components for PRC houses, only 4 are still trading.

As I said in my letter of 25 January, only about 250 privately-built PRC houses have been definitely identified. But the indications are that the total number may be much higher. We know that atleast three companies supplied components for the private sector and we have a report that in the case of the Cornish Unit type of PRC house, up to 1,000 units per annum were supplied to private builders. It is possible therefore that the number of privately built PRC houses runs into five figures, and should be compared with the 16,500 PRC houses now privately owned which originated in the public sector and in respect of which assistance will be given under the Housing Defects Bill at a total cost of up to £250m.

Under the Bill assistance is available only to private owners of defective houses. The Bill is not therefore in principle confined either to PRC houses or to types which could be regarded as, in some sense, having received approval or recommendation by a public body. If help were extended to owners of privately-built houses we cannot say how many private owners might eventually benefit as a result of designations under the Bill. The aim of the Bill is to provide a framework under which private owners of any type of dwellings sold by the public sector could receive assistance if the type of building concerned is defective by reason of its design or construction and as a result of that fact having become generally known the value of some or all of the dwellings in that type of buildings has been substantially reduced. As such, the Bill's purpose is to protect the policy of selling public sector houses, and the public sector's reputation as a vendor. The Minister continues to think that it would not be wise to use the Bill to guarantee privately built homes or, on the other hand, to confine the Bill's purpose to dwellings which have received some kind of Government approval or recommendation. The Minister's letter of 25 January explained that there are very large numbers of privately-built houses in respect of which it could be claimed that there has been public recommendation or approval. And, if the guiding principle for assistance were to be such recommendation or approval, the Government would be brought under much greater pressure from the local authorities that it should give special funds to them to enable them to repair, for example, the 153,000 PRC houses which remain in their own stocks.

For these reasons, in addition to those given in his letter of 25 January, the Minister remains of the view that, severe as the consequences may be for private owners of structurally defective houses built by the private sector, assistance under the Housing Defects Bill should not be extended to owners of privately-built PRC houses.

In some cases, it may be possible to give public help to owners of privately-built PRC houses by means of an improvement grant. If the rateable value of the house is less than £225 (outside London) and it is in need of improvement, as defined for the purposes of the Housing Act 1974, the owner may be eligible for a discretionary improvement grant from the local authority. These grants are available for major improvements, conversions and associated repairs to dwellings built before 3 October 1961. The local authority has to be satisfied that the house would be brought up to certain standards and if, to bring it up to those standards, substantial and structural repairs are needed, 70% of the cost of the works (subject to eligible expense limits for the whole works of £13,800 in Greater London and £10,200 elsewhere) could be for repair rather than improvement. Whether this would be a possible means of helping owners of privately-built PRC houses in any

individual case would depend upon inter alia the rateable value of the house, whether a suitable scheme of improvement could be devised and was necessary, and whether the local authority was minded to help. I am afraid that in the particular case in Chesham which was raised with the Prime Minister last December, it appears that the house concerned is just above the rateable value limit, though we are inquiring whether it would be possible to seek a revision of the rateable value in the light of the fact that the house is now known to be defective. The Minister is in touch with Sir Ian Gilmour about this.

Your letter of 30 January also asked about the role which improved insurance policies (whether taken out by builders or by home owners) could play in alleviating the problems which arise from structural defects.

The present position is that private owners are very fully protected against expenses arising from structural failure during the first 10 years of the life of a house, but, after that, they are usually covered only for damage arising from subsidence. During the first 10 years, home owners have the benefit of the National House Building Council's (NHBC) warranty, which practically all new houses now have. Thereafter, home owners have to rely on normal "buildings" insurance which usually excludes cover for damage arising from bad design or bad workmanship.

Some improvements in cover are already in prospect. One major builder, Barratt, is already offering a warranty for a further 10 year period, following on from the NHBC warranty, and so making 20 years' cover in all. And the NHBC itself is considering whether it should extend its own warranty period. But improved cover under traditional "Buildings" insurance is a matter which the insurance industry would need to consider. The Department is consulting the British Insurance Association about the insurance industry's reasons for not generally offering this cover, and its views on the possibility of developing a market for cover of this kind on reasonable terms.

In the special case of houses built to designs which are now known to be structurally unsound, it is unrealistic to consider insurance until the houses are repaired. In their unrepaired state, an insurer would be bound to charge an extremely high premium because there is a near certainty of having to meet a large claim. If the houses are properly repaired, however, there seems no reason whey they should not be as insurable against structural failure as most other houses. We are exploring with the Building Societies Association and the NHBC whether the NHBC might be able to provide a warranty, on lines similar to its warranty in respect of newly-

built houses, against structural failure for defective dwellings repaired by approved methods, or in conformity with approved standards, with reinstatement grant under the Housing Defects Bill which is to have its Report Stage soon. Inter alia, we have asked the NHBC whether any such system could be available in respect of prefabricated reinforced concrete houses built by the private sector and therefore not repairable with grant-aid under the Housing Defects Bill.

Yours sincerely

Stephen Sage

pp P J J BRITTON
Private Secretary

Andrew Turnbull Esq
PS/Prime Minister

4F

FILE S4

10 DOWNING STREET

From the Private Secretary

30 April, 1984

Thank you for your letter of 27 April, which which you enclosed the draft of one which Mr. Gow proposes to send to the Times about the Housing an Building Control Bill. The Prime Minister is content that this letter should issue, as proposed.

TIMOTHY FLESHER

P. J. J. Britton, Esq.,
Department of the Environment

S4

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

Minister for Housing and Construction

Mr Leighton:
Agree to this late?

27 April 1984

27/4

Dear David,

The enclosed letter from Mr Robin Thompson of the National Agricultural Centre Housing Association appeared in the Times on 23 April. The letter contains certain factual inaccuracies which the Minister considers it important to correct before the Housing and Building Control Bill returns to the House of Lords for consideration of Commons' Reasons, probably on 10 May. Mr Gow wishes to send the enclosed letter to the Editor of the Times and would be grateful for the Prime Minister's approval.

Yours sincerely,

Yes

Paul Britton

P J J BRITTON
Private Secretary

30/4

David Barclay Esq

DRAFT LETTER TO 'THE TIMES'

I write to correct some misunderstandings in the letter (23 April) from Mr Robin Thompson, of the National Agricultural Centre Housing Association, and others on proposals in the Housing and Building Control Bill to safeguard the position of elderly persons' dwellings in rural areas under the right to buy.

The additional safeguard approved by the House of Commons on 12 April (local authorities in designated rural areas already have the right to impose 10-year pre-emption covenants on all sales) would enable local authorities in those areas to apply to the Secretary of State to have individual elderly persons' dwellings exempted from the right to buy. This safeguard would apply not only to the 22 areas described by Mr Thompson, but also to areas covered by the National Parks and to all designated Areas of Outstanding Natural Beauty. In all, some 170 local authorities in England and Wales would be affected to a greater or lesser extent.

As I made clear in the House on 12 April, in considering future applications from local authorities for designation as rural areas, the Secretary of State will take account of any representations on the problems faced by a particular area in meeting the housing needs of the elderly.

The House of Commons also approved on 12 April an additional safeguard which will allow authorities selling elderly persons' dwellings to impose a pre-emption covenant over a period of 21 years not merely when a dwelling is sold but also when it passes on death to a non-resident beneficiary other than a surviving spouse.

I emphasise that sheltered accommodation and housing owned by charitable housing associations (of which the National Agricultural Centre Housing Association is one) will remain excluded from the right to buy.

THE TIMES

Safeguarding the rural elderly

From Mr D. R. B. Thompson and others

Sir, On February 28 this year, during the committee stage in the House of Lords of the Housing and Building Control Bill, an amendment was passed which exempted non-sheltered dwellings for the elderly from the right to buy. The view prevailed that the shortage of such accommodation provided by local authorities and housing associations, particularly in the rural areas, was a more important consideration than the Government's wish to extend home ownership.

In the House of Commons on April 12, during consideration of the Lords amendments, the Government successfully sought to remove the exemption agreed by the Lords and to provide the long-promised "rural safeguards". The Government's amendments were tabled too late to allow time for consideration and comment by those organisations with long experience and evidence of the problems of rural housing.

The so-called safeguards now contained in the Bill depend on the Secretary of State's designation of rural areas on application by the local authority. No statutory criteria for designation are contained in the Bill and the best guidance we have is to be found in the record of such designations since the 1980 Housing Act.

Of 130 applications only 22 have been accepted. Faced with the curious view which the Secretary of State has taken in refusing to designate what are, in anyone else's language, rural areas, many local authorities have not wasted their time with further applications.

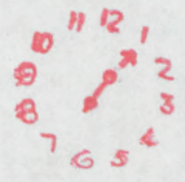
Until the Government will clearly define its criteria for the designation of a "rural area", the new amendment's true meaning, and therefore its value in tackling the problem perceived by their Lordships, cannot be examined. As it stands it is, at best, a gesture and on past evidence is, at worst, a mechanism for allowing ministerial action to alter the apparent intentions of an Act of Parliament.

If the Government is sincere in seeking to provide safeguards to preserve the small stock of rented housing for the rural elderly, then the intentions it has expressed must be translated into a demonstrated readiness to designate rural areas.

Yours faithfully,

ROBIN THOMPSON,
(Chairman, National Agricultural Centre Housing Association),
MOIRA E. CONSTABLE,
(Chief Executive, National Agricultural Centre Rural Trust),
DAVID CLARK,
(Secretary, Rural Voice),
National Agricultural Centre Rural Trust,
35 Belgrave Square, SW1.

April 13.



CONFIDENTIAL

Ref. No: ENV(84)8
Date: 18.4.84

25/4.

HOUSING DEFECTS BILL - SECOND READING

Thursday, 26th April 1984

Conservative Research Department,
32 Smith Square,
London SW1
Tel. 222 9000

Enquiries on this brief to:
Charles Williams
Ext. 2411

Background

During the post-war period many local authorities built houses by non-traditional methods. Broadly speaking the term non-traditional means any form of construction where the load is borne other than by walls of brick or concrete block. A large number of houses were built using a number of systems in which the load-bearing components were made of reinforced concrete. Following reports of cracking in the structural components of some of these dwellings, the then Minister for Housing and Construction, Mr John Stanley, announced on 8th February 1983 that the Building Research Establishment (BRE) was to investigate defects in six types of reinforced concrete dwelling.

The BRE Report

BRE investigated dwellings of the Boot, Cornish Unit, Orlit, Unity, Wates and Woolaway types. In their report the investigators said:

> "The great majority of houses studied were found to be structurally in sound condition, but there was a wide range in the rate of deterioration both between and within types. Some cracking was found in all types and the nature of the process is such that deterioration will continue, albeit very slowly in some cases and all houses will eventually be affected by cracking. Cracking in a proportion of the houses of all types will not occur for some years, and a few houses may not display any evidence of deterioration for, say, the next 30 years or more.
>
> Cracking of the concrete is now present in a small proportion of components in all six types. The most advanced deterioration appears to be in the main and secondary beams of Orlit houses and in columns of Boot, Unity and Woolaway houses, but some cracking is also present in columns in Cornish Unit houses, in structural concrete in Wates houses and in the infill panels in Woolaway houses. Cracking of reinforced concrete cladding components and other precast non-structural components is present in some types.
>
> No structurally unsafe conditions were found. However, in some houses of some types early action is desirable to maintain safety. The inspection of Orlit houses to determine the condition of concealed secondary and main beams should be put in hand unless this work has been completed recently.
>
> The process of carbonation and attack by chlorides are likely to affect all prefabricated reinforced concrete houses of this period in the manner described" (BRE Information, October 1983).

The Right To Buy and Defective Houses

It could be said that the types of dwellings investigated by BRE suffer from a slow but incurable disease. Many, even without treatment, will continue to provide a comfortable and safe home for many years to come. The problem is that because expensive remedial work or possibly even demolition will be required some time in the future the value of the properties is adversely affected. Occcupiers of these dwellings who bought their home from a local authority before the defects become known now find that their home is virtually unsaleable because building societies will not give a mortgage on a dwelling with such incipient defects. The Housing Defects Bill will protect the interest of such home owners by giving them an entitlement, where it is practical and worthwhile, to a high percentage grant to enable the defects to be put right in order that the property is mortgageable with a building society or other lending institution. Where this is not possible the occupier will have a right to have his home repurchased by the local authority

at 95 per cent of its value if free of defects.

Scope of the Scheme of Assistance

The scheme will apply in England, Wales and Scotland. The Bill will enable the Secretary of State to designate types of dwelling where:

(a) buildings in the proposed class are defective by reason of their design or construction, and

(b) by virtue of the circumstances mentioned in paragraph (a) above having become generally known, the value of some or all of the dwellings concerned has been substantially reduced.

Assistance will be provided for owners of dwellings of the six types studied in the BRE report. BRE is conducting a further investigation into dwellings of the Parkinson, Reema Stent, Tarran (including Dorran, Myton and Newland variants), Winget and Whitson-Fairhurst types. When a report is available a decision will be taken on whether to give assistance to owners of some or all of these types. A scheme of assistance by repair grant or repurchase for owners of Airey houses was announced in September 1982.

The Bill will enable assistance to be given to purchasers of dwellings of other types of non-traditional construction if these are proved to have latent defects.

PRINCIPAL CLAUSES OF THE BILL

Clause 1 enables the Secretary of State to designate classes of defective dwellings.

Clause 2 defines the eligibility for assistance. For each class of defective dwelling there will be a "cut-off date" specified which will be the date by which the existence of the defects by reason of design or construction in the class of dwelling became generally known. Householders qualify for assistance if the public authority disposed of the dwelling before the cut-off date (even if this was not to the present owner). There is a period of grace, if the present owner has purchased within one year of the cut-off date but in ignorance of the defects he qualifies for assistance.

Clause 3 sets out the conditions that determine whether the owner is entitled to assistance by way of a reinstatement grant or repurchase. A local authority is required to give assistance by way of a reinstatement grant if

(a) the defective dwelling is a house, not a flat

and (b) if the work required to reinstate the dwelling (together with any work which the authority are satisfied the applicant proposes to carry out) were carried out -

(i) the dwelling would be likely to provide satisfactory housing accomodation for a period of at least thirty years and

(ii) an individual acquiring the freehold of the dwelling with vacant possession would be likely to be able to arrange a mortgage on satisfactory terms with a lending institution;

and (c) giving assistance by way of reinstatment grant is justified having regard, on the one hand, to the amount of reinstatement grant that would be payable in respect of the dwelling and, on the other hand, to the likely value of the freehold of the dwelling with vacant possession after the work required to reinstate had been carried out; and the cost of reinstatement grant would be less than that of repurchase.

If these conditions are not satisfied, assistance can only be given by repurchase. Repurchase can be offered if reinstatement would take an unreasonably long time.

Clause 4 concerns the procedure for application for assistance.

Clause 5 concerns the payment of reinstatement grant which shall be at a rate of 90 per cent, 100 per cent in cases of hardship.

Clauses 6 & 7 deal with the procedure for repurchase in England and Wales, and Scotland respectively.

Clause 8 gives those whose homes are repurchased the right to a secure tenancy from the purchasing council.

Clause 9 gives those whose homes are repurchased the right to have their legal costs reimbursed.

Clause 10 enables a local authority to designate a class of dwelling for assistance under this Bill, but the Secretary of State has power to veto such a proposal.

Clause 11 requires local authorities within 3 months of a designation to inform those eligible for assistance of their entitlement and imposes a duty on councils to inform any prospective purchasers of the defects in that type of property and tell them that they would not be eligible for assistance.

Clause 12-19 concern incidental matters.

Clause 20 concerns a matter unconnected with what goes before in this Bill. It exempts from the Restrictive Trades Practices Act 1976 any agreement between building societies concerning the standards of new dwellings are required to meet if a mortgage is granted. This will enable the societies to require that new homes have a National Housebuilding Council certificate.

Cost

The Government will meet 90 per cent of the cost of reinstatement grants incurred by councils. In the case of repurchase the exchequer contribution will be 75 per cent. These percentages may be raised by Order.

On the assumptions that assistance under the provisions is confined to eligible owners of the 16,500 dwellings of prefabricated reinforced concrete construction which, it is estimated, have been sold by the public sector in Great Britain; that the average cost of making reinstatement grants will be £8,000 per unit; and that the cost of repurchase will be £18,000; the total cost of giving assistance under the Bill would be in the range of £170m - £250m at current prices, depending on the number of owners seeking assistance, on the number of owners fulfilling the conditions of eligibility, and the proportion of owners assisted by reinstatement grant rather than repurchase. This expenditure would be spread over a number of

years, and may be of the order of £25m - £45m in the first full year after introduction of assistance for eligible owners of prefabricated reinforced concrete dwellings.

LABOUR'S VIEW

It does not appear that Labour opposes the proposals in the Housing Defects Bill as such. They would not want former tenants to be ruined by the misfortune of owning a house which turns out to be worth far less than what it was thought to be at the time of sale. Nor is opposition likely to the principle of a scheme of repurchase. Indeed there have been calls from within the Labour Party for a general right to sell whereby any owner-occupier could sell his home to the council and continue to live in it as a tenant (see Peter Malpass, Labour Herald, 6th April 1984).

The thrust of Labour's attack is likely to be that the Bill does not go far enough. The Labour-controlled Association of Metropolitan Authorities has recently published a report which claims that industrialised dwellings built since 1960 have defects that would cost £5,000m to put right. The AMA and the Labour Party say that the Government should provide assistance to remedy defects in these dwellings most of which are flats, few of which have been sold under the right to buy.

The Housing Investment Programme enables councils to borrow money and receive government support through rate support grant and housing subsidies, for capital investment including the remedying of defects in system-built dwellings.The Labour-controlled councils which have some of the largest concentrations of defective flats often do least to help themselves finance remedial action because they have given priority to new housing construction instead of supporting private house-building, this means there is less money available for improving flats.

The Housing Defects Bill is not what Labour would like which is a programme to spend very large sums, more than can be afforded, on righting all defective local authority dwellings. It is a measure to promote home ownership by providing safeguards for those who purchase homes with unknown latent defects. Although the Bill will be used in the first instance to help owners of a few types of concrete framed houses the powers it gives could be used to safeguard the interests of those buying other types of dwelling.

CW/PAC

18.4.84

Conservative Research Department,
32 Smith Square, London SW1

CONFIDENTIAL

CC NO.

nbpm

27/3

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon George Younger MP
Secretary of State for Scotland
New St Andrew's House
St James Centre
EDINBURGH
EH1 3SX

21 March 1984

Dear George

SUPPLY SIDE MEASURES: HOUSING
HOUSING AND BUILDING CONTROL BILL
TENANTS' RIGHTS ETC (SCOTLAND) AMENDMENT BILL

Attached

Thank you for your letter of 12 March. You will now have seen a copy of Ian Gow's letter to me of 19 March on the same subject.

I am sorry that you cannot agree in principle to amend the Scottish rules affecting previous purchasers to bring them into line with the proposed arrangements for England. It remains the case that a Scottish second time purchaser will be better off than his English counterpart unless there has been clawback on his first purchase. However I accept that the legislative timetable does not make it practicable to introduce such an amendment to the Tenants' Rights Etc (Scotland) Amendment Bill. But I think you should look at this again with a view to introducing an appropriate clause in the next suitable piece of Scottish housing legislation.

On the proposed amendment to the rules affecting second time purchases by purchasers of defective dwellings, for the general reasons referred to above, I believe that Scottish purchasers in such a position will be better off than their English counterparts.

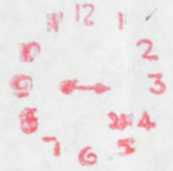
They will be able to defer asking the local authority to exercise the buy back option until the clawback period has expired. On the other hand I understand that the number of second time purchasers affected is likely to be rather less than 100 and on de minimis grounds I do not wish to oppose this.

CONFIDENTIAL

I am copying this letter to the Chairman and other members of H Committee, to Sir Robert Armstrong, to First Parliamentary Counsel and to the Legal Secretary, Lord Advocate's Department.

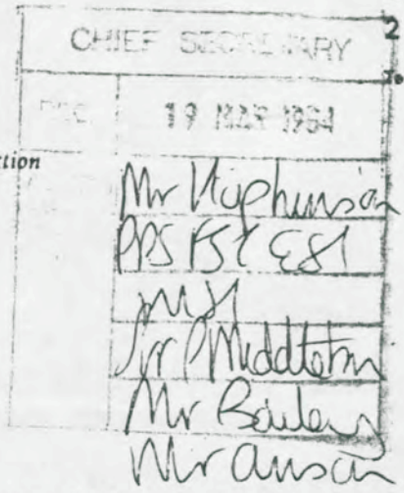
PETER REES

22 MAR 1984



Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

Minister for Housing and Construction



Mr Lovell.
Mr Watson.
Mr Perfect
Mrs Conn
Mr Gordon.

19 March 1984

Mr FK Jones.
Mrs Law
Mr Shedden
Mr Lord.

HOUSING AND BUILDING CONTROL BILL

Since our recent discussion about the handling of the 3 defeats at Committee stage Irwin Bellwin and I have had talks with Lords Selkirk, Coleraine and Molson about Clause 1, charitable freeholds

We have been able to demonstrate that university bodies have unique safeguards under the Leasehold Reform Act 1967. Not only can they impose tough restrictive covenants safeguarding their future development rights when a freehold is enfranchised; in addition they can ask the Secretary of State for Education and Science to re-acquire such enfranchised freeholds if at any time they want them for development purposes. This is an effective answer to the charge that Clause 1, by allowing tenants of non-charitable housing associations in Cambridge the right to buy and subsequently to enfranchise their freeholds, will prejudice the long term rights of university bodies.

However it is also argued that if any tenants enfranchise their freeholds on the original valuation basis in the 1967 Act the freeholders will be unduly disadvantaged because that basis is regarded as confiscatory. I propose therefore that, if it is tabled by one of these back bench supporters, the Government should accept an amendment to the Bill which

a. reverses the defeat at Committee; and

b. allows the higher valuation basis, inserted into 1967 Act in 1974 for more expensive properties, to apply in any case where enfranchisement arises as a result of Clause 1 of the Bill.

In making this proposal I am conscious of the need not to make any public pronouncement which could affect the conduct of the case on the Leasehold Reform Act now before the European Commission on Human Rights. We would justify our acquiescence in this proposal on the grounds that freeholders have been caught unawares by the extended coverage given to the 1967 Act by Clause 1 and the fact that the Bill overrides any covenants preventing the granting of enfranchiseable

sub-leases to individual tenants.

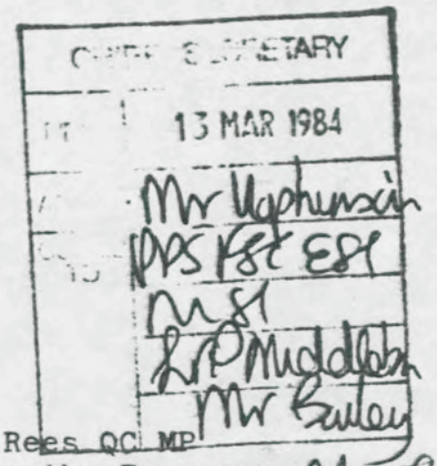
Present indications are that at least 2 of the 3 Peers mentioned may be prepared to go along with this compromise and we are hoping to let them have a draft of the amendment tomorrow. As you know Report stage is on Thursday of this week, 22 March. I should therefore be grateful to have H clearance for Government support for this proposal no later than close of play on Wednesday, 21 March.

I am copying this letter to all members of H, to Sir Robert Armstrong and First Parliamentary Counsel.

IAN GOW

The Rt Hon Viscount Whitelaw CH MC

2F



NEW ST.ANDREWS HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

CONFIDENTIAL

The Rt Hon Peter Rees QC MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Square
LONDON
SW1P 3EB

Mr Anson.
Mr Pestell
Mr Watson
Mr Lord.

12 March 1984

Dear Peter,

SUPPLY SIDE MEASURES: HOUSING
HOUSING AND BUILDING CONTROL BILL
TENANTS' RIGHTS ETC (SCOTLAND) AMENDMENT BILL

Thank you for copying to me your letter of 29 February to Ian Gow, in which you ask me to reconsider amending the Tenants' Rights Amendment Bill to bring the previous purchaser rules for Scotland into line with what is now proposed for England and Wales.

I fear that you have perhaps not fully understood the differences in the Scottish position, or the extent of the changes which would be required if we were now to adopt the English approach. The Scottish approach, which emerged from the usual process of inter-Departmental consultation and Parliamentary considerations, has always been substantially different. We have nothing like the English "previous purchaser" rules in our 1980 Act. Our own rules place no bar on a tenant who has bought previously from buying a second time at discount. Since, however, tenants may only count periods of "continuous occupation" of public sector housing in building up entitlement, and 'continuous occupation' is broken by a break of twelve months or more, in practice a tenant who has bought and sold his first house and wishes to purchase his second would have to build up his right to buy entitlement from the beginning of his second tenancy. After 2 years he would again be entitled to discount at 32%; but this reflects the fact that the market value of the house is reduced by virtue of its sitting tenant.

I am surprised that you feel that there would be public expenditure benefit if we were now to bring the Scottish position into line with that of England and Wales. Given the difference between our two systems it is difficult to make direct comparisons, but in some cases, eg where discount was not available on the first purchase because of the cost floor, Scottish second purchasers will be significantly less well off than the English, while in others the Scots will be somewhat better off. Overall the public expenditure implications of the two approaches are likely to be broadly similar.

That apart, I feel that there are strong arguments in favour of not changing the Scottish system. Under our system, we have not experienced the problems which I understand have arisen under the English approach, and which have given rise to Ian's suggestion for further amendments. Even if I believed the change was desirable, I would be extremely reluctant to propose the very substantial amendments to our 1980 legislation which would be required if we were now to adopt the English approach, particularly since our Tenants' Rights Amendment Bill is now at a late stage and we have no other Government amendments in prospect for the House of Lords.

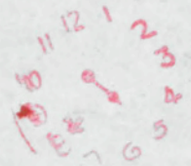
I believe, in short, that a strong case can be made for the Scottish system, and I am not aware of any pressure to change it. I would venture to suggest indeed that our system interferes less with the free play of market forces than the English system, and also acts to discourage tenants who sell from returning to the public sector, since they will be unable to repurchase for two years.

However, as I indicated in my earlier letter of 14 February, there is one case where I think tenants who sell and return to the public sector should be entitled to repurchase immediately, and this concerns tenants whose defective dwellings have been repurchased by their councils under the proposed new defective dwelling legislation. I have indicated that I would wish to amend the Scottish rules in order that such tenants in Scotland might be in no worse position than their counterparts in England and Wales. Because of the timetable, it would not be possible to make such amendments in the Tenants' Rights Bill and provision would need to be made instead in the Defective Housing Bill when it is brought forward. I hope therefore that you, Willie Whitelaw and Ian Gow can agree to this course of action, so that my officials can prepare the necessary drafting instructions.

I am copying this letter to the Chairman and other members of H Committee, to Sir Robert Armstrong, to First Parliamentary Counsel and to the Legal Secretary, Lord Advocate's Department.

Yours ever,

George.



Reference.....

Prime Minister (2)

Starts in January continued at the same rate as the last few months ie ov 200,000 at an annual rate

AT 2/3

PS/Minister (HC)

HOUSEBUILDING: JANUARY 1984
RENOVATIONS: 1983

Attached is the draft press notice for publication on Monday (5 March), which gives provisional housebuilding figures for January and provisional figures of renovations in 1983.

HOUSEBUILDING, GB (Comments on seasonally adjusted figures)

2 Total starts in the 3 months (November to January) were at an annual rate of nearly 205,000, roughly the same as in the previous 3 months (August to October) but 7 per cent lower than a year before. Total completions, on the other hand, rose 4 per cent to a rate of 200,000 which was 15 per cent higher than a year ago.

3 Public sector starts rose by a tenth to a rate of 45,000, but about a quarter lower than the rate a year ago. Completions which picked up during 1983, fell 7 per cent in the latest 3 months mainly because of a drop in January; even so, at an annual rate just under 50,000, completions were a tenth higher than a year earlier.

4 Although private sector starts fell marginally in the latest period, they have been close to a rate of 160,000 since last spring. Completions continued to rise and were a sixth higher than a year ago at an annual rate of over 150,000.

5 Building societies' net new commitments on new dwellings, reached an annual rate of ~~150,000~~ 185,000 in the 3 months November/January, 15 per cent higher than in mid-1983 and 8 per cent higher than in November 1982/January 1983.

RENOVATIONS, ENGLAND (figures not seasonally adjusted)

6 Outturn in 1983. The provisional estimate of 330,000 dwellings improved or repaired in 1983 with the aid of grant or subsidy, is a record high - previous highest 279,000 in 1973 - and 150,000 more than in 1982. Grants to private owners (and some tenants) more than doubled - repair grants alone quadrupled and accounted for over 90,000 of the overall increase. Local authorities' renovations increased by a half, but Housing Association Grants fell by a fifth to about 14,000.

7 Fourth quarter 1983. Having risen sharply in the 1st quarter of 1983, renovations continued relatively flat until they increased by nearly 30 per cent in the 4th quarter to over 100,000 or more than three-quarters higher than a year before. Renovations by local authorities and new towns which fell slightly in the 3rd quarter, recovered to equal the average for the year as a whole. Housing associations' renovations have also picked up after falling in the 2nd quarter. Private owners' and tenants' grants paid have been on a rising trend through 1982 and 1983, although the Budget announcement of higher grants interrupted the growth with only repair grants increasing in the 2nd quarter. With the rise of more than a third in the 4th quarter, grants may now be close to their peak as approvals in the quarter were slightly lower than in the 3rd quarter.

for 1

W H STOTT
SH Rm 526 KH
1 March 1984

CODE 18-77

5 March 1984

HOUSEBUILDING: JANUARY 1984
RENOVATIONS: 1983

HOUSEBUILDING

In January, it is provisionally estimated that 13,100 houses and flats were started in Great Britain compared with 15,900 in January 1983. Completions in January numbered 15,000 compared with 12,900 in the previous year.

In the three months November to January, total starts, on a seasonally adjusted basis, were unchanged from the previous three months, August to October, but 7 per cent lower than in November to January a year ago. Total completions were up 4 per cent on the previous three months and 15 per cent higher than a year ago. In the public sector, making similar comparisons, starts were up 10 per cent on the previous three months, but 27 per cent lower than a year ago, while completions were down 7 per cent and up 11 per cent, respectively. Private sector starts were down 2 per cent on the previous three months, but unchanged from a year earlier, while completions were up 8 per cent and 16 per cent, respectively.

RENOVATIONS

It is provisionally estimated that 86,000 local authority and new town dwellings were converted or improved in England during 1983, compared with 57,700 in 1982. An estimated 13,900 housing association dwellings were converted or improved in 1983 with the aid of Housing Association Grant, compared with 17,300 in 1982. Grants were paid to private owners and tenants for the conversion, improvement or repair of 230,200 dwellings in 1983, compared with 104,000 in 1982.

NOTES TO EDITORS

Housebuilding figures from January 1980 relate to actual building for the month and are subject to revision for late returns: previously, figures were based on returns received in a period and included a small number of reports relating to earlier months.

Monthly housebuilding figures for Welsh and Scottish local authorities are not published separately, but estimates are included in the monthly figures for Great Britain.

Because monthly figures are very variable, attention is directed to the latest three months rather than to the latest single month.

Press Inquiries: 01-212 4672 or 3496
Night calls (6.30pm to 8.00 am)
Weekends and holidays: 01-212 7071

Public Inquiries: 01-212 3434: ask for Public Inquiry Unit.

ADDITIONAL TABLE FOR INTERNAL USE ONLY

RESTRICTED UNTIL AFTER PUBLICATION

NOT FOR INCLUSION IN PRESS NOTICE

ABOUT 5 MARCH 1984

HOUSEBUILDING PERFORMANCE

GREAT BRITAIN

JANUARY 1984

TABLE A — New Permanent Houses and Flats — thousands of dwellings

Period	Starts			Completions		
	Public	Private	Total	Public	Private	Total
UNADJUSTED						
Last 3 months on previous 3 months						
Aug-Oct 1983 R	10.5	43.2	53.7	13.3	36.9	50.2
Nov 1983-Jan 1984 P	9.2	33.3	42.6	12.2	39.4	51.6
% change	-12	-23	-21	-8	+7	+3
Last 3 months on a year earlier						
Nov 1982-Jan 1983	12.7	32.9	45.6	11.2	34.3	45.5
Nov 1983-Jan 1984 P	9.2	33.3	42.6	12.2	39.4	51.6
% change	-27	+1	-7	+9	+15	+13
SEASONALLY ADJUSTED						
Last 3 months on previous 3 months						
Aug-Oct 1983 R	9.8	40.8	50.6	13.0	35.3	48.3
Nov 1983-Jan 1984 P	10.8	39.9	50.8	12.1	38.0	50.1
% change	+10	-2	-	-7	+8	+4
Last 3 months on a year earlier						
Nov 1982-Jan 1983	14.7	39.8	54.5	10.9	32.7	43.7
Nov 1983-Jan 1984 P	10.8	39.9	50.8	12.1	38.0	50.1
% change	-27	-	-7	+11	+16	+15

Percentage changes are based on rounded figures for Seasonally Adjusted and unrounded for Unadjusted figures

NB - = Less than half the final digit shown
P = Provisional estimate
R = Revised

ADDITIONAL TABLE FOR INTERNAL USE ONLY

RESTRICTED UNTIL AFTER PUBLICATION

NOT FOR INCLUSION IN PRESS NOTICE

ABOUT 5 MARCH 1984

HOUSEBUILDING PERFORMANCE

ENGLAND

JANUARY 1984

TABLE B — New Permanent Houses and Flats — thousands of dwellings

Period	Starts			Completions		
	Public	Private	Total	Public	Private	Total
UNADJUSTED						
Last 3 months on previous 3 months						
Aug-Oct 1983	8.9	38.0	46.9	11.5	32.3	43.8
Nov 1983-Jan 1984 P	8.1	28.8	36.9	10.7	34.9	45.6
% change	-9	-24	-21	-7	+8	+4
Last 3 months on a year earlier						
Nov 1982-Jan 1983	10.8	28.5	39.2	9.1	29.9	39.0
Nov 1983-Jan 1984 P	8.1	28.8	36.9	10.7	34.9	45.6
% change	-25	+1	-6	+17	+17	+17
SEASONALLY ADJUSTED						
Last 3 months on previous 3 months						
Aug-Oct 1983	8.1	35.9	44.0	11.2	31.2	42.4
Nov 1983-Jan 1984 P	9.5	34.5	44.0	10.6	33.9	44.5
% change	+17	-4	-	-5	+9	+5
Last 3 months on a year earlier						
Nov 1982-Jan 1983	12.7	34.3	47.0	9.0	28.5	37.5
Nov 1983-Jan 1984 P	9.5	34.5	44.0	10.6	33.9	44.5
% change	-25	-	-6	+18	+19	+19

Percentage changes are based on rounded figures for Seasonally Adjusted and unrounded for Unadjusted figures

NB - = Less than half the final digit shown

P = Provisional estimate

HOUSEBUILDING STARTS AND COMPLETIONS

GREAT BRITAIN *

UP TO JANUARY 1984

TABLE 1

Thousands of dwellings

Period	Starts			Completions		
	Public	Private	Total	Public	Private	Total
1974	146.1	105.9	252.1	128.6	140.9	269.5
1975	173.8	149.1	322.9	162.3	150.8	313.0
1976	170.8	154.7	325.4	163.0	152.2	315.2
1977	132.1	134.8	266.9	162.5	140.8	303.3
1978	107.4	157.3	264.7	130.7	149.0	279.8
1979	81.2	144.0	225.2	104.0	140.4	244.4
1980	56.4	98.1	154.4	106.9	126.9	233.8
1981	37.0	115.1	152.2	84.5	112.8	197.3
1982	52.3	140.1	192.4	49.4	121.1	170.6
1983 P	47.0	167.5	214.6	49.9	139.3	189.2
UNADJUSTED						
1982 4th quarter	12.9	32.3	45.1	12.6	35.7	48.3
1983 1st quarter	14.4	39.9	54.3	10.7	31.0	41.7
2nd quarter R	13.0	46.8	59.9	12.1	33.9	46.0
3rd quarter R	9.6	42.8	52.4	12.9	33.6	46.5
4th quarter P	10.1	37.9	48.0	14.2	40.8	54.9
1983 August R	3.3	13.5	16.8	4.0	11.1	15.1
September R	3.5	14.8	18.3	4.6	12.1	16.6
October	3.7	14.8	18.5	4.7	13.7	18.4
November P	3.9	14.4	18.3	4.9	14.6	19.5
December P	2.4	8.7	11.1	4.6	12.5	17.0
1984 January P	2.9	10.2	13.1	2.7	12.3	15.0
SEASONALLY ADJUSTED						
1982 4th quarter	13.7	35.2	48.9	10.8	32.4	43.3
1983 1st quarter	16.5	46.0	62.5	11.7	33.0	44.7
2nd quarter R	11.2	40.9	52.1	12.3	35.2	47.5
3rd quarter R	8.7	39.4	48.1	13.2	33.8	47.0
4th quarter P	10.6	41.2	51.9	12.7	37.3	50.0
1983 August R	3.1	13.6	16.7	4.4	11.7	16.1
September R	3.0	12.3	15.3	4.3	10.9	15.2
October	3.7	14.9	18.6	4.3	12.7	17.0
November P	3.5	13.7	17.2	4.2	12.0	16.2
December P	3.4	12.6	16.1	4.2	12.6	16.8
1984 January P	3.9	13.6	17.5	3.7	13.4	17.1

* = Monthly figures include estimates for Wales and for Scotland and may be subject to small revisions

P = Provisional estimate

R = Revised

HOUSEBUILDING STARTS AND COMPLETIONS

ENGLAND

UP TO JANUARY 1984

TABLE 2

Thousands of dwellings

Period	Starts			Completions		
	Public	Private	Total	Public	Private	Total
1974	116.7	89.7	206.4	107.9	121.5	229.4
1975	144.7	129.8	274.5	130.0	131.5	261.5
1976	148.8	130.4	279.2	132.5	130.9	263.4
1977	117.1	115.6	232.7	140.0	121.6	261.6
1978	93.1	133.6	226.7	113.9	127.5	241.4
1979	69.4	121.1	190.6	91.1	118.4	209.5
1980	46.8	83.4	130.2	93.9	109.0	202.9
1981	31.5	99.6	131.1	71.5	96.9	168.4
1982	43.2	122.5	165.7	41.9	104.8	146.7
1983 P	41.2	145.9	187.1	43.2	121.5	164.7
UNADJUSTED						
1982 4th quarter	10.6	28.0	38.6	10.3	31.3	41.6
1983 1st quarter	12.7	34.4	47.2	9.1	26.9	36.0
2nd quarter	11.7	40.8	52.6	10.6	29.5	40.1
3rd quarter	8.1	37.8	45.9	11.0	29.2	40.3
4th quarter P	8.7	32.9	41.6	12.4	35.9	48.3
1983 August	2.8	11.8	14.6	3.5	9.8	13.3
September	2.8	13.2	16.0	3.8	10.5	14.3
October	3.3	13.0	16.2	4.2	12.0	16.2
November P	3.5	12.7	16.2	4.5	12.9	17.4
December P	1.9	7.2	9.2	3.8	10.9	14.7
1984 January P	2.7	8.9	11.6	2.4	11.1	13.5
SEASONALLY ADJUSTED						
1982 4th quarter	11.3	30.6	41.9	9.0	28.5	37.5
1983 1st quarter	14.9	39.6	54.5	9.9	28.5	38.4
2nd quarter	10.0	35.8	45.8	11.0	30.5	41.5
3rd quarter	7.3	34.8	42.1	11.1	29.5	40.6
4th quarter P	9.0	35.7	44.7	11.2	33.0	44.2
1983 August	2.6	11.9	14.5	3.7	10.3	14.0
September	2.4	11.0	13.4	3.7	9.7	13.4
October	3.1	13.0	16.1	3.8	11.2	15.0
November P	2.9	12.1	15.0	3.7	10.7	14.4
December P	3.0	10.6	13.6	3.7	11.1	14.8
1984 January P	3.6	11.8	15.4	3.2	12.1	15.3

P = Provisional estimate

TABLE 3

RENOVATIONS OF DWELLINGS WITH THE AID OF GRANT OR SUBSIDY

ENGLAND

Thousands of dwellings
(Not seasonally adjusted)

	Work completed by local authorities and new towns (1)			Housing (2) Association Grant aided	Grants paid to private owners and tenants (3)				All Renovations
	Conversion	Improvement	All		Conversion & Improvement	Intermediate & Special	Repair	All	
978	5.1	55.8	60.9	13.1	49.4	7.9	0.2	57.6	131.5
979	4.2	71.8	76.0	17.2	57.2	7.8	0.3	65.4	158.5
980	4.9	72.4	77.3	14.8	65.8	8.1	0.5	74.5	166.6
981	3.8	49.1	52.9	11.3	49.1	14.7	5.1	68.9	133.2
982	3.4	54.3	57.7	17.3	54.7	20.6	28.7	104.0	179.0
983p	1.9	84.0	86.0	13.9	79.5	29.1	121.6	230.2	330.0
982 1st quarter	1.5	13.7	15.2	5.1	12.1	4.7	3.1	19.8	40.2
2nd quarter	0.7	11.8	12.5	3.6	12.1	4.4	3.9	20.4	36.4
3rd quarter	0.8	12.9	13.7	3.7	14.0	5.2	7.8	27.0	44.4
4th quarter	0.4	15.9	16.4	4.9	16.6	6.3	14.0	36.9	58.1
983 1st quarter	0.4	21.9	22.3	3.8	18.3	7.6	21.5	47.5	73.6
2nd quarter	0.5	21.4	21.9	2.9	17.8	6.8	24.0	48.6	73.4
3rd quarterp	0.7	19.2	19.9	3.3	19.1	6.4	31.2	56.7	79.9
4th quarterp	0.3	21.5	21.8	3.8	24.3	8.3	44.8	77.5	103.1

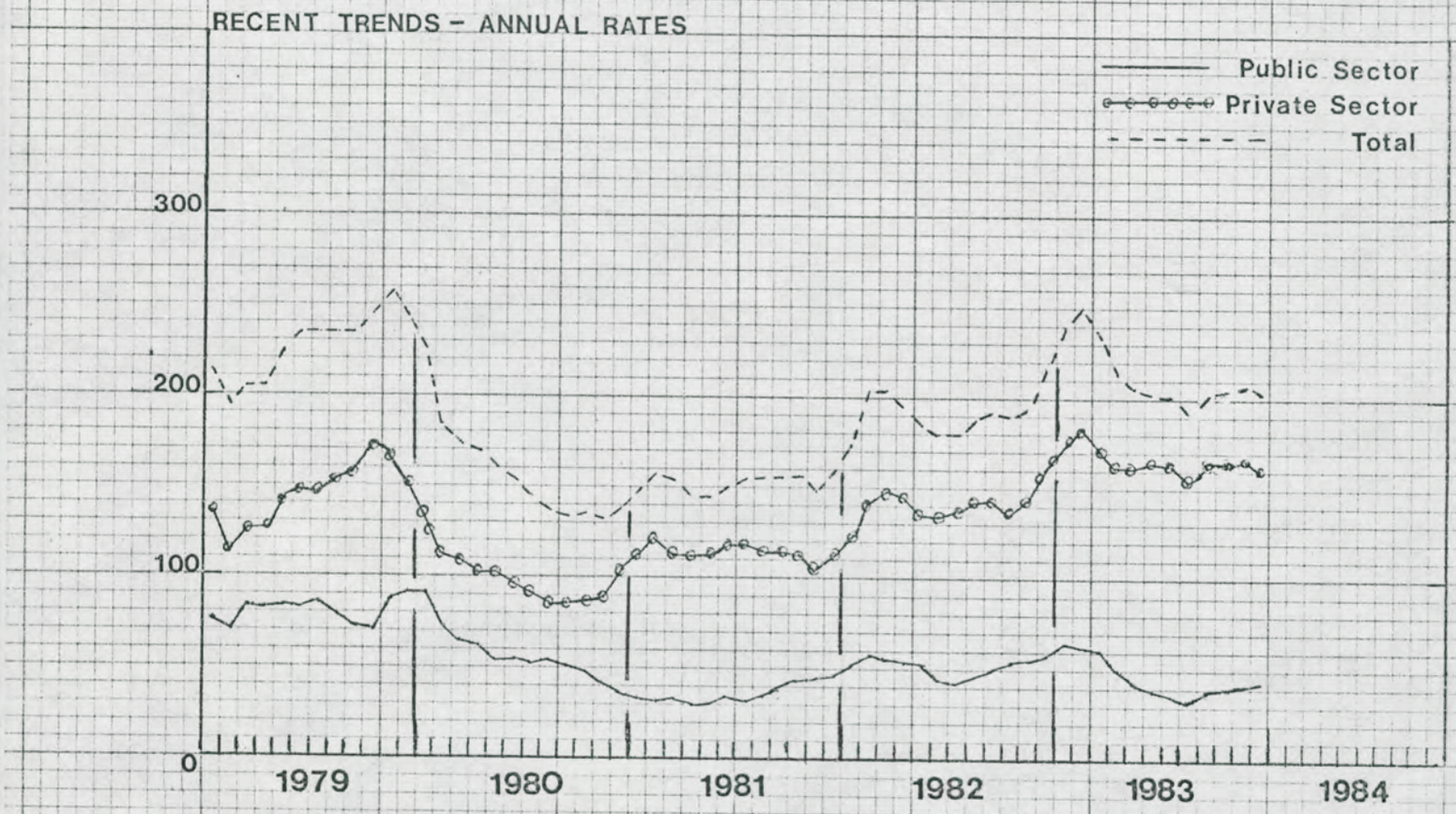
NOTES:
1. Figures for new towns not available from 1st quarter 1978 to 1st quarter 1980 inclusive. Figures for improvement for sale included from 1st quarter 1981.
2. Grants under specific housing association legislation.
3. Including grants paid to housing associations under private owner legislation, and, from 4th quarter 1980, grants paid to tenants in the public and private sectors.

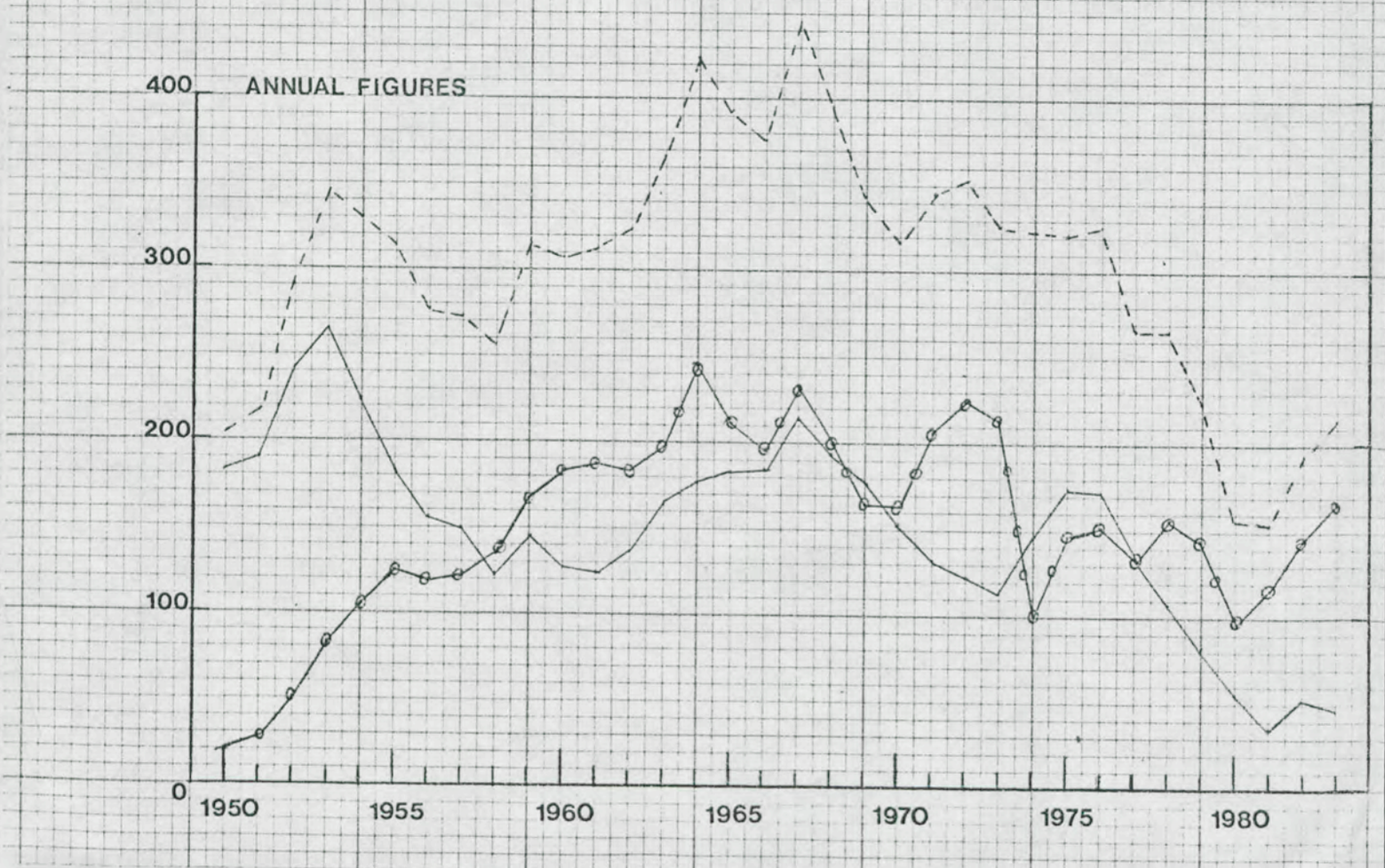
p = Provisional estimate R = Revised

HOUSEBUILDING: GREAT BRITAIN – DWELLINGS STARTED

(Not for inclusion in Press Notice)

thousands of dwellings

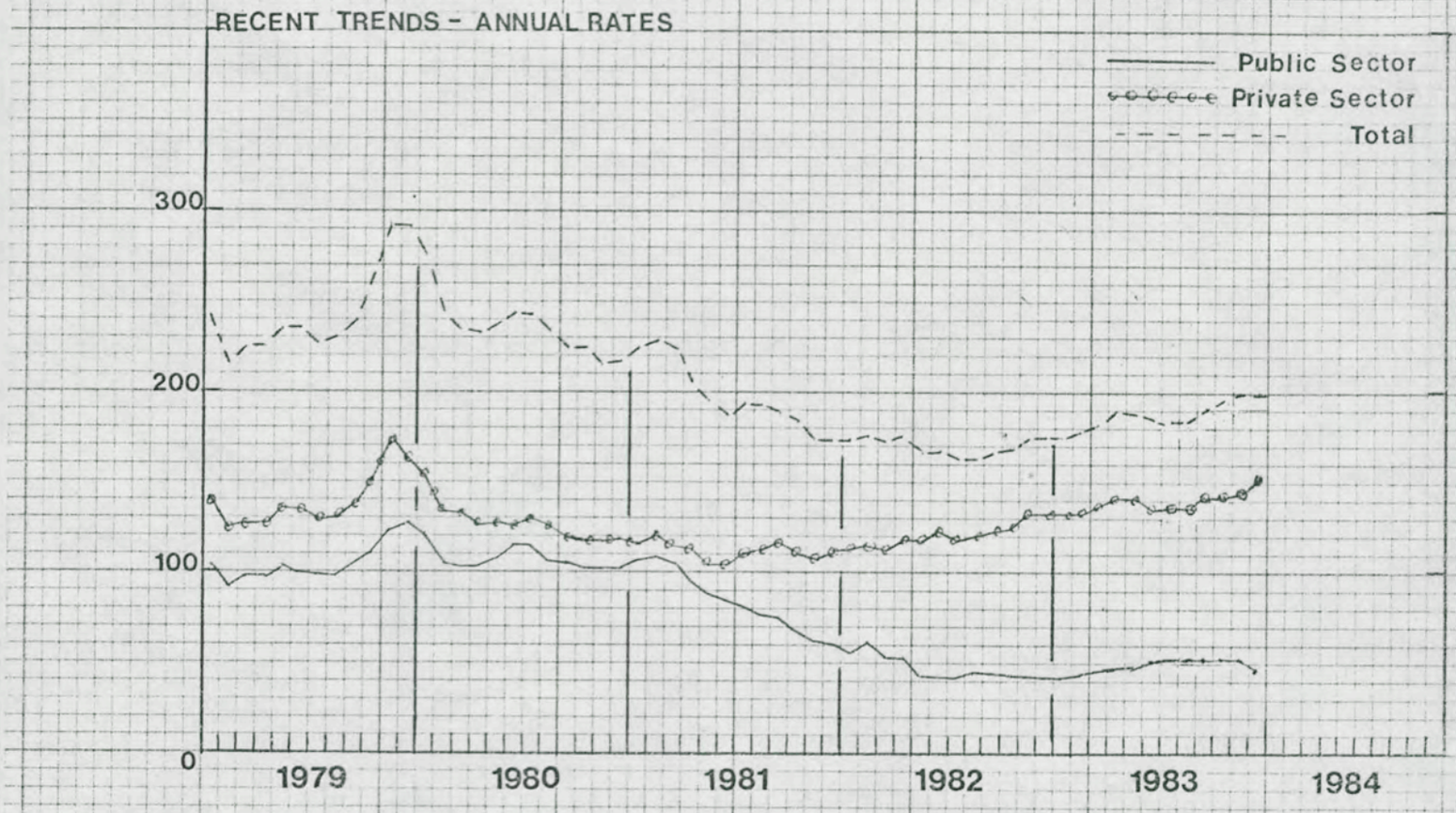


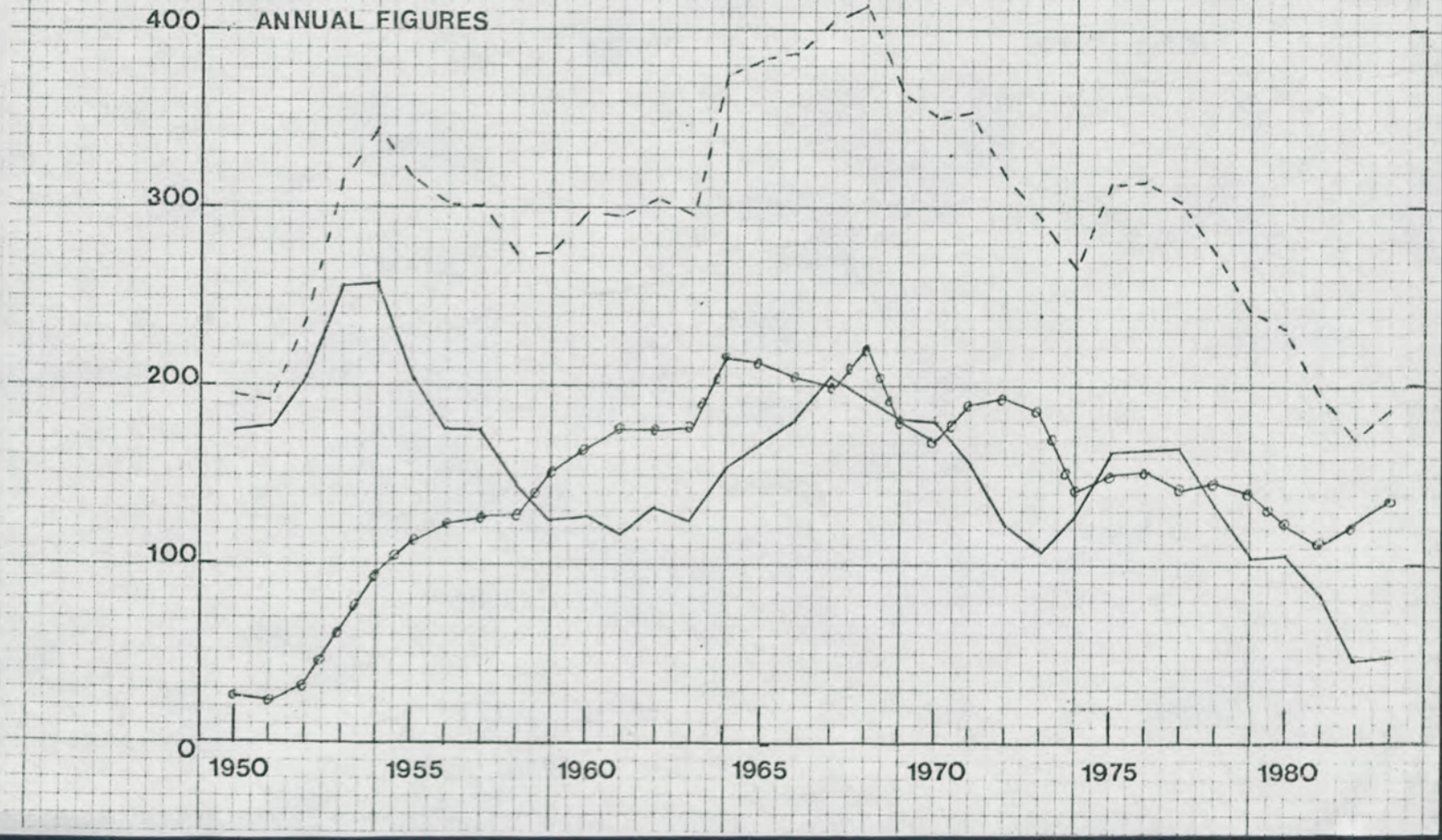


HOUSEBUILDING: GREAT BRITAIN – DWELLINGS COMPLETED

(Not for inclusion in Press Notice)

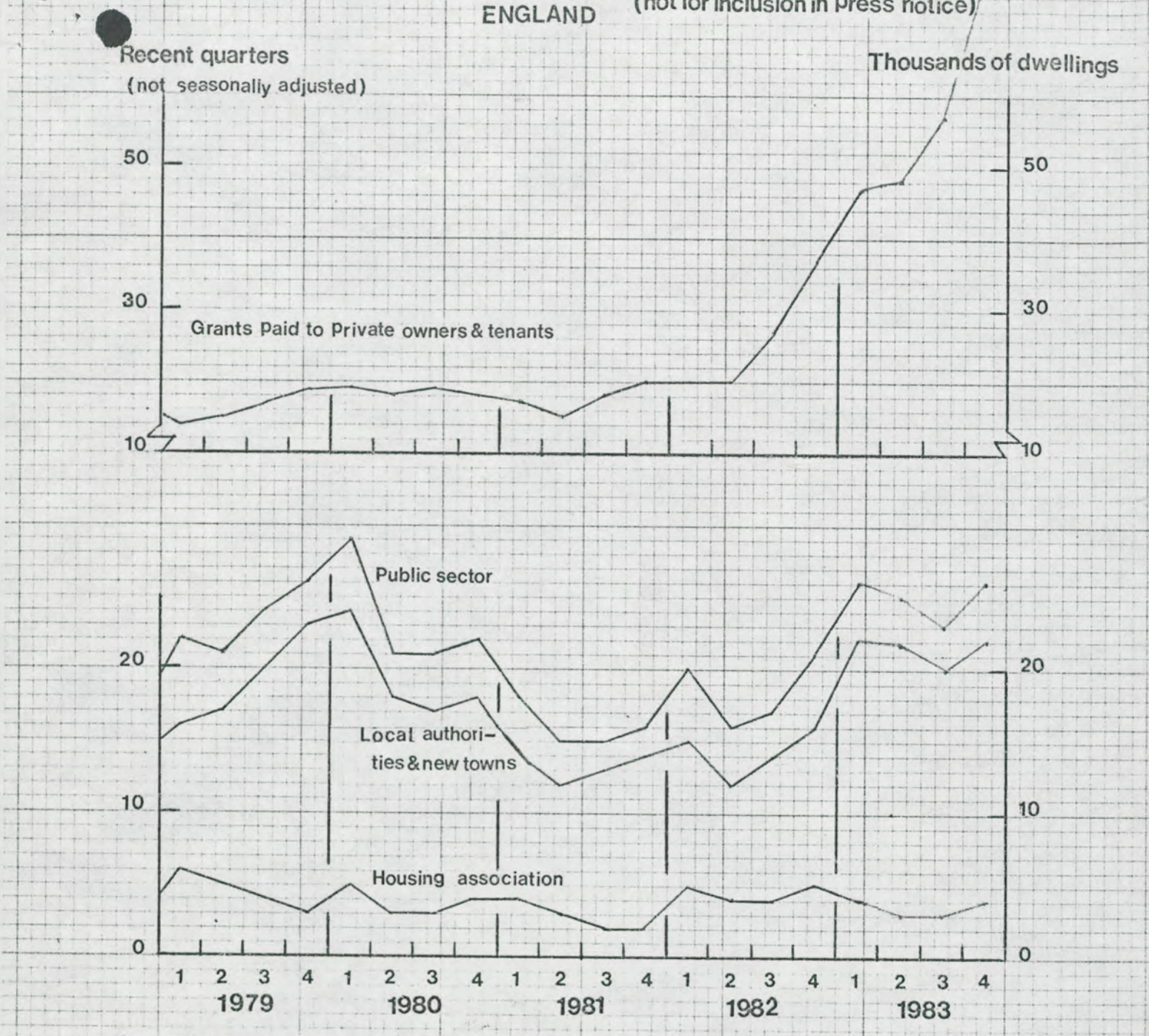
thousands of dwellings

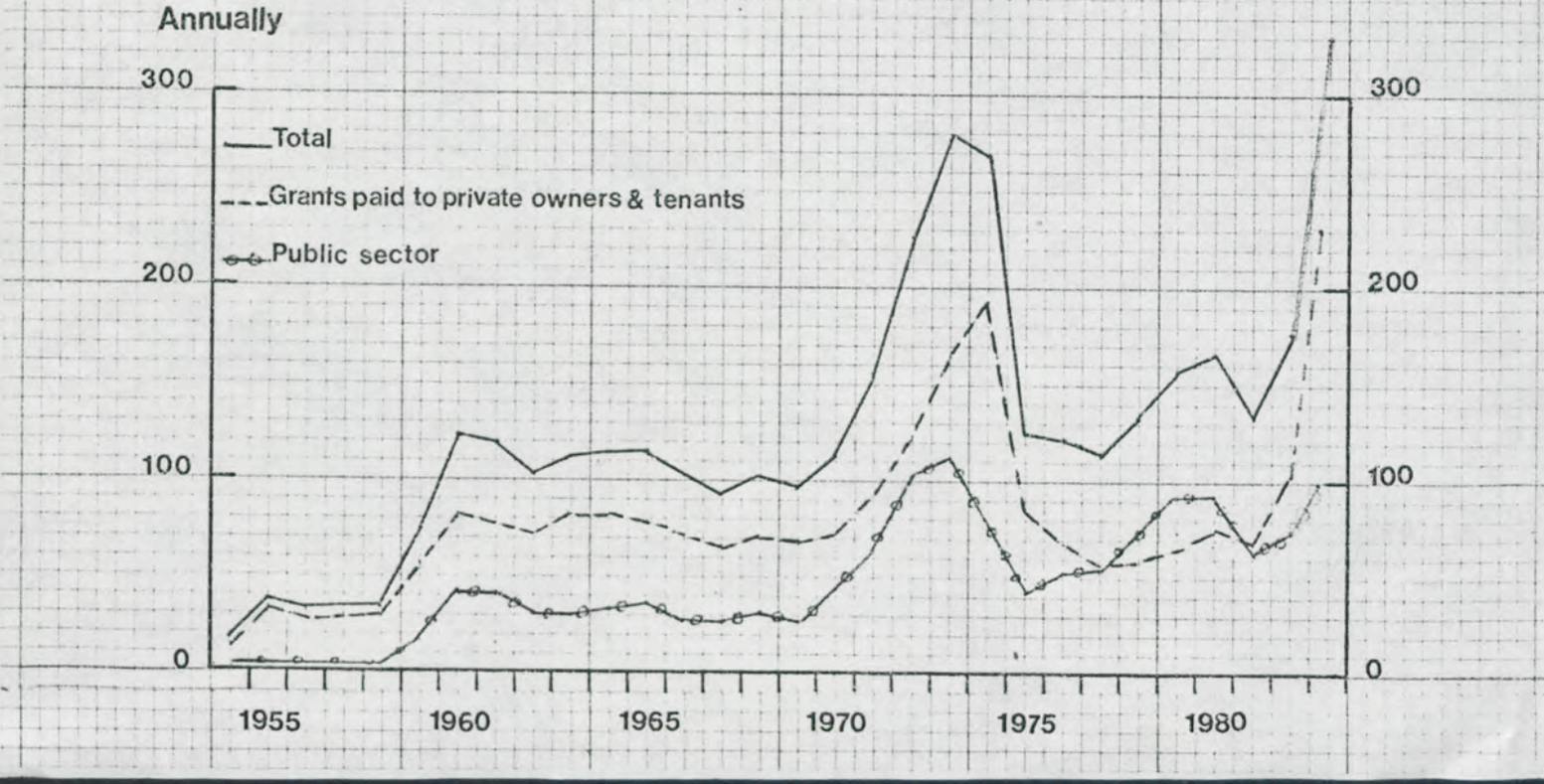




RENOVATIONS OF DWELLINGS WITH THE AID OF GRANT OR SUBSIDY

ENGLAND (not for inclusion in Press notice)





EA

Told Mr Britton there was not urgent
B/F in one month AT 17/2

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

Minister for Housing and Construction

Our ref: G/PSO/40547/84

16 February 1984

Dear Andrew,

DEFECTIVE HOUSING

Your letter of 30 January gave the Prime Minister's reply to Mr Gow's minute to her of 25 January about the feasibility of including privately-developed defective houses within the scheme of assistance for which provision is to be made in the Defective Housing Bill.

The Prime Minister asked if the Department could report further in due course on the number of privately-built properties possibly affected, whether variants of PRC designs or those subject to other defects; and consider what role improved insurance policies (whether taken out by builders or by home owners) could play in alleviating the problem of serious defects in privately-built houses.

It will take a little time to prepare further advice on both these subjects. On the first, no further information is available within the Department. We are considering whether it is feasible to make enquiries of builders or manufacturers of PRC houses, insofar as they are still trading, without giving an impression that the Government is considering extending the scheme of assistance to privately-developed PRC houses. If we do this replies may not be received immediately. Advice on the possible role for improved insurance policies should be ready soon.

I am sending a copy of this letter to Henry Steel (Law Officer's Department).

Yours sincerely,

Paul Britton

PAUL BRITTON
Private Secretary

Private Secretary to the
Prime Minister

Housing: Housing Pol pt. 4.

NBPM
AT 8/2

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

8 February 1984

Dear Andrew

DRAFT CIRCULARS ON GREEN BELTS AND LAND FOR HOUSING

My Secretary of State is publishing revised drafts of these circulars tomorrow morning. He announced this during oral questions this afternoon. We are sending copies to the many MPs who wrote following publication of the first drafts, and to the various interest groups.

In view of the wide public interest in the circulars you might like to have the enclosed copies of the revised drafts and of my Secretary of State's press release.

I am copying this letter and the enclosures to David Heyhoe, Janet Lewis Jones and Murdo Maclean.

Yours ever

Alan Davis

A H DAVIS
Private Secretary

Andrew Turnbull Esq

PRESS NOTICE

GREEN BELTS AND LAND FOR HOUSING

REVISED DRAFT CIRCULARS PUBLISHED

The Secretary of State for the Environment, Mr Patrick Jenkin, today published revised versions of the draft circulars on Green Belts and Land for Housing which were issued in their original draft form last summer.

In a statement on the revised drafts Mr Jenkin said:

"I hope that the revised drafts get the message across more clearly. We are not changing the message - which is that the planning system must perform effectively its two essential functions: to maintain well established conservation policies and to make proper provision for necessary development.

In our General Election Manifesto we said "In our crowded country the planning system has to strike a delicate balance. It must provide for the homes and workplaces we need. It must protect the environment in which we live". This is what these two circulars are about - Green Belts and conservation on the one hand, and making proper provision for housing on the other.

I am inviting comments on the revised drafts by the end of March. We need to know, especially from those who commented on the earlier drafts, whether they can

accept that new versions reflect a sensible and practical approach to the needs of development and the interests of conservation. We need their views on this broad issue rather than a further round of detailed textual amendments. It is impossible to find precise words which will satisfy everyone's particular interest in the subject but we have done our best to take full account of the responses to the original drafts and I believe that the revised versions have benefited from those earlier comments."

Circular from the
Department of the Environment
2 Marsham Street, London SW1P 3EB

Sir

LAND FOR HOUSING

1. The Secretary of State is concerned that the planning system should provide an adequate and continuing supply of land for housing. This Circular sets out the Government's policies on the provision of housing land. It emphasises the key role of the planning system in meeting the demand for housing, and it stresses the important contribution that the joint land availability studies introduced in Circular 9/80 can make in ensuring that suitable land is made available for development.

HOUSING AND PLANNING POLICIES

2. The Government wishes to encourage home ownership and to bring this within the reach of as many people as possible. The supply of new houses for sale is an essential part of this policy. The Government has set no limit to total private sector housebuilding and does not consider it useful or practical to forecast on a national basis future housing production over several years ahead. It is essential that the planning system should cater effectively for the demand for private sector housing, and that there should be an adequate supply of land available to meet that demand and other housing needs.

3. The Government also intends that well established conservation policies should be firmly maintained. It remains committed to the need to conserve and improve the countryside, natural habitats and areas of architectural, natural, historical or scientific interest and listed buildings. There is no change in the policies on national parks, areas of outstanding natural beauty or conservation areas. Circular X/84 reaffirms the Government's commitment to Green Belt policy and there must continue to be a general presumption against any inappropriate development within them. Policies to protect agricultural land will be maintained and land of a higher agricultural quality will not be released for development where land of a lower quality could reasonably be used instead. The aim is to

accommodate necessary development in ways that protect amenity and ensure economy and efficiency in the use of land. The Secretary of State does not consider that these objectives are irreconcilable. The town and country planning system has served these purposes well and in ways that meet the interests of the community at large. It is essential that it should continue to do so.

LOCATION OF DEVELOPMENT AND USE OF URBAN LAND

4. In meeting requirements for new housing, full and effective use must be made of land within existing urban areas. Authorities should ensure that full use is made of the practical opportunities arising from conversion and redevelopment, the bringing into use of neglected, unused or derelict land including sites on Land Registers, and sites suitable for small scale housing schemes. Developments of this kind can make a useful contribution to house production and to the regeneration of older urban areas. This emphasis on the full use of urban sites and the recycling of urban land will also assist the preservation of agricultural land and conservation of the countryside and maximise the use of existing infrastructure. Private sector housebuilders and housing associations have shown that they are willing to undertake development on such sites, which may be particularly suitable for starter-homes, housing for single persons and small households who may prefer this type of location, with easy access to shops, transport and other facilities, and shorter journeys to work.

5. While the fullest possible use must be made of existing urban sites suitable for housing, most new housing will continue to be on new sites. The planning system must continue to identify, bring forward and permit the development of sufficient new land for housing to meet market demand.

6. Wherever possible, sites proposed for new housing should be well related in scale and location to existing development. They should facilitate economical layouts, be well integrated with the existing pattern of settlement and surrounding land uses, minimise the demands they make on public utilities and have good access to other services. This applies to development within or adjoining larger towns and cities, and also to sites in smaller towns and villages where new housing, sympathetic in scale and character, can be permitted. Such development can help to sustain smaller communities in rural areas. In a few cases it may be practicable to consider making provision in structure plans for new settlements. Any such proposals for structure plan alterations, and any specific proposals of this kind by private developers, must be subject to normal planning procedures.

STRUCTURE AND LOCAL PLANS

7. Structure and local plans should carry forward these planning policies. Some structure plans reflect assumptions and forecasts that date from the early 1970s when structure plans were first prepared and imply that population growth and new development can be directed by means of land allocation to areas that may not now be well related to present and future requirements. These assumptions need to be reassessed in relation to 1981 census results and demographic trends, including household formation and migration. They should also take account of economic development in the region, changing patterns of employment and travel to work, the current trends in market demand for housing, including the more varied types of housing requirement now met by the private sector such as single persons, small households and the elderly.

8. In the light of such reassessment, any alterations to structure plans should now be prepared covering the period for at least ten years ahead. These should show how future requirements for new housing can best be met, having regard to other planning objectives. Plans should indicate in broad terms the scale of provision to be made for housing in the area as a whole and in each District, and should identify those locations where provision for substantial growth is to be made. Proposals for alteration should allow flexibility in the rate at which land is made available for housing, subject to the need to relate this to the provision of new services, roads etc.

9. The provision made in structure plans for new housing has to be translated into specific land allocations in local plans and into planning permissions. In areas where substantial development is proposed in the structure plan, local plans should be prepared and should ensure that suitable land is allocated to implement those proposals in ways that take proper account of local conditions. Where structure plan alterations are proposed it may be appropriate to prepare a local plan in parallel.

10. The Memorandum on structure and local plans accompanying Circular X/84 provides more detailed advice on the review of structure plans and the preparation of proposals for alteration and of replacement plans.

AVAILABILITY OF LAND FOR HOUSING

11. It is essential that sufficient land is genuinely available in practical terms to enable the policies and proposals in approved structure plans and adopted

local plans to be carried forward. This means that sites must not only be free, or easily freed, from planning, physical and ownership constraints but be capable of being developed economically, be in areas where potential house buyers want to live, and be suitable for the wide range of housing types which the housing market now requires.

12. Local authorities should ensure that at all times land is or will become available within the next 5 years which can be developed (or is being developed) within that period and which in total provides at least 5 years' supply in terms of the general scale and location of development provided for in approved structure and adopted local plans. Within this context there should always be at least 2 years' supply available on which development can start straight away.

13. The Secretary of State emphasises that these are the minimum requirements that local planning authorities should meet if plan preparation and development control are to serve their proper purpose. Local planning authorities should be able to demonstrate from published plans, or other material already available, that the minimum requirement stated in paragraph 12 above can readily be accommodated.

LAND AVAILABILITY STUDIES

14. Joint studies by local planning authorities and house builders undertaken following Circular 9/80 have proved useful in identifying land suitable for development. They bring together the housebuilders' assessment of market demand and the development potential of particular sites, with the local planning authority's assessment of planning objectives. The Secretary of State hopes that planning authorities and housebuilders will continue to co-operate in this way. In urban areas studies have particular importance, by identifying sites suitable for development or redevelopment for housing, including disused sites which, if they are not likely to be required in future for their former use, may offer good opportunities for housing development. In order that the full potential of sites in urban areas may be realised the Government asks local authorities in urban areas to discuss the development of such sites with housebuilders

15. Annex B to this Circular contains advice on the preparation of land availability studies. Each study report should compare the housing provision in structure and local plans with the land which is agreed to be available for housing. The report should also comment on the adequacy of existing and prospective supply of housing land - recording difference of view where

necessary. In the light of the joint study, local planning authorities should consider whether they need to bring forward any alterations to structure and local plans. Such proposals would be subject to normal statutory procedures and would provide full opportunity for public comment. Local authorities and housebuilders are asked to adopt the method described in Annex B so that the results of all studies are comparable.

16. The Department's Regional Offices will be ready to help facilitate such studies and to advise on methodology and other matters dealt with in this circular. Studies already carried out should be kept up-to-date by means of regular joint review and revision, normally every 2 years or so. Local authorities are asked to send two copies of reports of completed studies, and later revisions, to the Department's Regional Office. In areas where there is no need for a full joint study, local authorities are asked to prepare a brief statement of the general situation and to discuss this with representatives of housebuilders.

17. Where there is found to be an inadequate supply of land to meet the structure plan provision for housing, local planning authorities should consider what action they should take to remedy the situation. This may include expediting planning applications, securing the provision of infrastructure for particular sites (which prospective developers may be prepared to finance in whole or in part) and, exceptionally, submission of an order for the compulsory purchase of a site which may be urgently needed either for development or to facilitate the development of other land.

PLANNING APPLICATIONS

18. Planning applications for housing should be considered on their merits having regard to the provisions of the development plan and other material considerations. The results of land availability studies should continue to be treated as a material consideration in determining planning appeals. It is not the intention, however, that decisions on individual planning applications should turn on a precise calculation of whether the supply of identified sites for housing exactly matches or varies from the 5 year provision derived from the structure or local plan. Such calculations can rarely be exact, bearing in mind the constraints on land becoming available, the incidence of in-fill and other small sites, and variations in the capacity of allocated sites.

19. Further advice on planning permission for private sector house-building is given in Annex A to Circular 22/80; for convenience, that Annex is represented in Annex A to this Circular (references to Circular 9/80 should be read as referring to the advice in the present Circular on joint land availability studies). That advice remains valid and relevant to the present and future need for land for housing.

GREATER LONDON

20. In Greater London the factors affecting the availability of sites for housing are more complex, but authorities are asked to have regard to the objectives of the Circular and to co-operate with builders in the preparation of studies on the general lines indicated above: several such studies are already in progress.

CONCLUSION

21. The Secretary of State now looks to local planning authorities to take action in accordance with this Circular to make proper provision of land for new housebuilding to meet home ownership and other housing needs. He believes that this provision is feasible without prejudicing other planning objectives, including the need to strike a careful balance between conservation and development. These policies and objectives will be borne in mind in the determination of planning appeals by him and by his Inspectors and in the exercise of his other powers in planning and related matters.

FINANCIAL AND MANPOWER IMPLICATIONS

22. It is not considered that this Circular has significant additional public expenditure or manpower implications for local government. The provision of land for housing in structure and local plans is a vital part of the planning process, and the effective discharge of that function will reduce the time and costs involved in dealing with planning applications and appeals.

23. Department of the Environment Circulars 44/78 and 9/80 are cancelled.

The Chief Executive

County Councils)
District Councils) in England
London Boroughs Councils

The Town Clerk, City of London
The Director-General, Greater London Council
The National Park Office

Lake District Special Planning Board
Peak Park Joint Planning Board

For information:

The Chief Executive

London Docklands Development Corporation
Merseyside Development Corporation

The General Manager, New Town Development Corporations

ANNEX A

PLANNING PERMISSION FOR PRIVATE SECTOR HOUSE-BUILDING

Constraints on Development

1. Among the major concerns of the planning system is the conservation of the rural and urban environment, the protection of agricultural land from development and the conservation of our architectural heritage. Within structure plans will be found statements of policy which guard against inappropriate development in national parks, areas of outstanding natural beauty, green belts and on better quality agricultural land.

Supply of Land

2. For any given area, the availability of land for housing will be governed primarily by the policies set out in the development plan. However development plan policies do not in themselves ensure that the housebuilding industry can produce the houses needed. For that there must be an adequate and continuous supply of land, with planning permission, suitable and available for immediate development, and situated where pontential house buyers are prepared to live. That is why DOE Circular 9/80 (WO Circular 30/80) asks planning authorities to identify specific sites providing a five year supply of housing land in accordance with structure plan policies and, where the authority is approached by the housebuilding industry, to discuss with the industry whether that land is genuinely available for development.

Policy in the Absence of an Identified Supply of Land

3. In the absence of such an identified five year supply there should be a presumption in favour of granting permission for housing except where there are clear planning objections which in the circumstances of the case outweigh the need to make the land available for housing. The relevant factors should be apparent from the development plan. They might for example include the fact that the land was in a green belt, national park or an area of outstanding natural beauty; that other land of lower agricultural or landscape quality was available; that essential infrastructure was absent (or inadequate); that the land was important from the point of view of nature conservation or should be kept available for the working of important mineral deposits.

4. Where a structure plan has been approved by the Secretary of State, the identification of a five year supply of housing land in accordance with structure plan policies should not normally present any difficulty.

5. But the absence of an approved structure or adopted local plan is not a reason for failure to comply with Circular 9/80 (WO Circular 30/80). In almost all areas where there is not an approved structure plan, there are structure plans in an advanced stage of drafting. Where an old style development plan is still in force section 29(1) of the Town and Country Planning Act 1971 requires that it must be taken into account in deciding planning applications. The extent to which it will be relevant will depend on the time that has elapsed since it was prepared or last reviewed, the extent to which circumstances have changed in the meantime, and the stage reached in the preparation of structure or local plans for the area.

6. The suitability and availability of land allocated for housing purposes was investigated and analysed in detail in the "Study of the Availability of Private Housebuilding Land in Greater Manchester 1978/81" published by

the DOE in 1979. This study was limited to Greater Manchester but its methods are widely applicable. It identifies various factors which affect the feasibility of developing land as distinct from its availability in planning terms. One of the lessons to be drawn from the study is that the allocation of land for housing in a development plan or even the grant of planning permission does not necessarily mean that it is either suitable or available to be built on.

7. Where suitable land for development is shown to exist but is not available for immediate development and where its existence is used as a justification for refusing planning applications on less appropriate but readily available land, authorities should indicate what steps have or will be taken to make such land available. The absence of such firm proposals will mean that less wieght can be attached to the objection.

8. Where a five year supply in accordance with Circular 9/80 (WO Circular 30/80) has been identified, this should not preclude residential development on other sites. The fact that the housebuilding needs of the area can be met from identified sites is not in itself sufficient reason for refusing planning permission elsewhere. Each case will still need to be considered on its planning merits having regard to any relevant provisions and policies of the development plan.

Infrastructure

9. Problems may arise when development is proposed where the necessary infrastructure is not available and pending its availability the consequences of development would be unacceptable. The issue in this type of problem is normally related in part to the scale of possible harm and in part to its likely duration. In preference to a refusal on the grounds that infrastructure is lacking it is better to consider whether the problem can be solved by an agreement with the developer under section 52 of the Town and Country Planning Act 1971. Even if it is a compelling objection that provision of the necessary infrastructure would be too costly, the possibility that the developer would offer a section 52 agreement which adequately met the objections should be explored before a refusal is issued.

10. Where the particular problem is one of creating or aggravating an existing sewerage overload pending new works in prospect, it may be right to grant permission if it seems certain that the houses will not be ready for occupation before the works are complete. Even if a slight lag is expected it may be in order to allow development. subject to a condition precluding the occupation of the dwellings before the completion of the necessary sewerage works. If the prospect of the works being completed on time is not firm, the situation might be covered by a section 52 agreement under which occupancy or rate of building depends on completion of the works as specified.

11. If local planning authorities contemplate refusing permission on the grounds that this would overload existing services they must be prepared to support their decision on appeal by specific evidence of overload.

Residential Densities

12. The Government's general policy is to encourage more intensive development in appropriate locations in order to preserve the countryside and protect better quality agricultural land. Detailed policies on densities are, however, normally contained in structure and local plans. Developers

are usually anxious to build at the highest density acceptable to their potential customers though what this is may vary from time to time according to the dictates of the market. When considering a planning application for a particular site the character of the site and its surroundings, together with the design and layout of the proposed development and the marketing possibilities, need to be taken into account as well as any density policies for the area as a whole. The Secretaries of State attach particular importance to the provision of low cost starter homes which may only be able to be built at higher than conventional densities. For many of the small redevelopment and infill sites now to be brought into use general density requirements cannot be a reliable guide.

Design and Layout of Estate Roads

13. Design Bulletin No 32 sets out recommendations on the design of roads and footpaths in residential areas. The Secretary of State for the Environment, the Secretary of State for Wales and the Minister of Transport have considered together the standards needed for roads on housing estates. They are not prepared to support any planning or highway authority requiring standards which are higher than those which would result from applying principles set out in Design Bulletin 32; and highway authorities are requested not to attempt to circumvent this policy by refusing to enter into areements under Section 40 of the Highways Act 1959 for schemes where the estate roads conform to the recommendations in Design Bulletin 32 but not to costly standards of their own.

Other Aspects of Estate Development

14. Local planning authorities may need to control aspects of the design of housing estates where these have an impact on neighbouring development or agricultural land, for example access or overshadowing. But functional requirements within a development are for the most part a matter for the developers and their customers. Such matters would include provision of garages, internal space standards (whether Parker Morris or other) and sizes of private gardens. In making provision for open space and in considering the location of houses on plots and their relationship to each other local planning authorities should not attempt to prescribe rigid formulae. They should only regulate the mix of house types when there are specific planning reasons for such control, and in doing so they should take particular account of marketing considerations.

Extension of Urban Development into the Countryside

15. This circular supersedes DOE Circular 122/73 but the following general principles set out in that circular are still valid.

16. The bulk of future development must take place both by re-building within existing towns and by expanding the towns within the limits of employment of local community capacity eg infrastructure and social facilities. In considering proposals for development which involve the expansion of an existing town, regard should first be had to the amount of suitable cleared but undeveloped land within the town.

17. Expansion of a town into the surrounding countryside is objectionable on planning grounds if it creates ribbons or isolated pockets of development or reverses accepted policies for separating villages from towns, or if it conflicts with national policies for the protection of the environment such as those for safeguarding green belts, national parks, good farming land, areas of outstanding natural beauty or high landscape value, or for nature con-

servation, or those relating to flood plains, run off problems, proximity to industry or noise, water or air pollution. Such an objection would normally rule out development unless the circumstances of the case are such that there is an exceptional need to make land available for housing.

Development in Villages

18. Some villages have reached the limit of their natural growth, but in others, useful provision for housing can be found by infilling on sites within the village itself and by modest expansion where this is consistent with the constraints set out in paragraph 17 above.

PREPARING A JOINT LAND AVAILABILITY STUDY

Organisation

1. Once local authorities' and builders' representatives have agreed to co-operate in a study they should nominate a "study manager" (or managers drawn from authorities and builders), to organise the work and set a tight but practicable time scale (say 6 months) for its completion.

Scope

2. Studies should generally cover whole counties, to facilitate comparisons of land available with the housing provision in structure plans. Occasionally, where there are special problems, studies for smaller areas may be appropriate; these should normally cover one or more complete districts.

Structure and local plan context

3. The general scale and location of land for housing should be derived from the housing provision policies in approved structure plans and adopted local plans. Where structure and local plans do not clearly indicate how the proposed housing provision is to be distributed between administrative districts, authorities will need to provide figures for each district. Local authorities should indicate whether the housing provision in plans includes gains from redevelopment, conversions and building on small sites and the proportion of the proposed housing provision they expect to be met from the private sector.

4. The amount of housing land required for the purposes of the land availability study should be calculated as follows. The number of dwellings already built before the base date of the study (ie the date when publication of the study is expected) should be deducted from the total plan provision. This residual provision should be divided by the number of years remaining in the policy after the base date of the study, giving a figure for average annual provision. Only where policies to phase development are expressly included in the approved or adopted plans, should phasing policies be taken into account. Informal phasing policies should not be used. In deciding how many houses are expected to be completed local authorities and builders will need to agree on the definition of "completed" dwelling, for example, dwellings which are ready for occupation.

5. When the housing provision in approved and adopted plans covers only part of the period of the land availablity study, published modifications to proposed structure plan alterations may be used for land supply calculations. When there are no such modifications then the average annual provision for the last 5 years of the time covered by the policy should be extrapolated to give an estimate of the land required. It will only be appropriate to base calculation of the required housing land supply on an unapproved structure plan alteration or unapproved local plans when there are no figures for housing in the approved structure plan, or when the time period of the plan's provision for housing has expired.

Preliminary identification of sites

6. All studies should be based on comprehensive and up to date lists of sites which local authorities see as "available" (see para 11 of Circular) for both public and private sector housing development. They should look ahead 5 years from the date that the study is expected to be published and take into account all suitable sites. In urban areas it will be particularly important to include all suitable land including land from Land Registers and land which might be redeveloped.

7. Local authorities should complete a separate pro forma for each site for over 5 dwellings (or a limit agreed between builders and local authorities) identifying its location (grid reference, address, size and site plan if possible), information known about it (planning status, ownership or other development constraints, and any general comments), and the authorities' view of the likely number of completions on the site in each year of the study period, distinguishing between the public and private sectors. This preliminary list should include sites, or parts of sites, whether or not they have planning permission, where dwellings are under construction, or which are expected to produce completed dwellings during the study period.

8. The studies will not normally attempt to identify small sites (say less than one acre) or infill sites or similar sites that are not specifically allocated for development or redevelopment. Such sites, together with the conversion of larger houses into smaller units or the adaptation of non-residential buildings for use as housing, can make a useful contribution to total housing production and this is to be encouraged. If, on the basis of past experience and realistic appraisal of future potential, it seems likely to meet a significant part of future demand, the local planning authority and housebuilders should aim to agree on what allowance should be made for this in the overall assessment. It is, however, largely unpredictable and its contribution should not be exaggerated.

Assessment of Sites

9. The housebuilders' representatives should try to involve all house builders operating in the area. They may find it helpful to form a "panel" of representative builders to assess each site listed by the local authorities, say whether they agree with the authorities' views and suggest any other sites which they believe should be added to the list. The panel should then produce summary papers for each district for discussion with the local authorities and the builders. An overall meeting would then be held to agree the findings for the study area as a whole. It may be appropriate to involve relevant public undertakers on some occasions.

Final Report

10. The report should set out, normally by district, the structure and local plan housing provision on which the study is based and all assumptions behind the study (eg on conversions, redevelopment and small sites). It should compare the housing provision in structure and local plans with the land which is agreed to be available, and show whether:

a. land is or will become available within the 5 years following the expected publication of the study which can be developed (or is being developed) within that period and which in total provides at least 5 years supply. This should include land on which dwellings are under construction and sites for dwellings which may be completed within the 5 year period;

b. at least 2 years' supply is available after the expected publication date on which development can start without delay. Dwellings under construction should be excluded.

Studies should separately identify land for public and private sector building and include a note of any constraints which are preventing development.

11. The local planning authority may conclude that in the light of the report, or revision of an earlier study, the structure plan and/or local plans need to be reviewed and proposals prepared for alteration. The study and report provide a useful opportunity to discuss these aspects with the housebuilders, including trends in the demand for housing and the longer-term availability of land to meet those requirements. In undertaking plan revision, however, the local planning authority will need to consult more widely and any proposals that they bring forward for alteration of the plans will be subject to the normal planning procedures.

12. The brief statements on land availability prepared where there is no need a full joint study (para 16 of circular) should demonstrate whether there is sufficient land available for housing to carry forward the policies and proposals in structure and local plans.

PLANNING APPLICATIONS AND APPEALS

Area to be considered

13. When considering planning applications and in assessing whether sufficient land is already available, a realistic view must be taken of the extent of the area which should be considered. Normally it will be right to consider supply over the whole of an administrative district; exceptionally it may be more sensible to consider part only of a district, part of 2 or more districts or such areas as are used by the structure plan.

Circular from the
Department of the Environment
2 Marsham St, London SW1P 3EB

Sir

GREEN BELTS

1. The Government continues to attach great importance to Green Belts to check the unrestricted sprawl of built up areas and to safeguard the surrounding countryside from further encroachment. There must continue to be a general presumption against inappropriate development within Green Belts. The Government reaffirms the objectives of Green Belt policy and the related development control policies set out in Ministry of Housing and Local Government Circular 42/55.

2. Structure plans have now been approved for most parts of the country and these identify the broad areas of the Green Belt. Detailed Green Belt boundaries are now being defined in local plans and in many cases these are based on Green Belt areas defined in earlier development plans approved prior to the introduction of structure and local plans. This process of local plan preparation will continue and the advice in this circular relates to the definition of detailed Green Belt boundaries in local plans.

3. The essential characteristic of Green Belts is their permanence and their protection should be long-term. It follows from this that:

a) Once a Green Belt has been approved as part of the structure plan for an area it should be altered only in exceptional circumstances. If such an alteration is proposed the Secretary of State will wish to be satisfied that the authority has considered opportunities for development within the urban areas contained by and beyond the Green Belt. Similarly, detailed Green Belt boundaries defined in adopted local plans or earlier development plans should be altered only exceptionally. It is particularly important that full use is made of opportunities for bringing back into use areas of neglected or

derelict land and for recycling urban land, including obsolete industr[redacted] sites and buildings unlikely to be required in future for their original purpose. The development of such sites can make a valuable contribution to inner city renewal and reduce the pressures on undeveloped land. The maintenance of effective Green Belt policy will assist in this.

b) Where detailed boundaries have yet to be defined in local plans - for example, where approved structure plans have extended the area of the Green Belt to include areas previously referred to as "interim" Green Belt - it is necessary to establish boundaries that can be maintained in the long-term.

4. Since the protection of Green Belts must be long-term, planning authorities in defining detailed Green Belt boundaries in local plans will need to relate their proposals to a longer time scale than is normally adopted in plans for new development. While making provision for development in conformity with the structure plan they should satisfy themselves that Green Belt boundaries will not need to be altered at the end of that period. In some cases this will mean safeguarding land between the urban area and the Green Belt which may be required to meet longer term development needs. The normal process of development control serves this purpose and authorities should indicate in structure and local plans the policies that they intend to apply in those areas over the period covered by the plan.

5. It is especially important that the inner boundaries of Green Belts should be carefully drawn so as not to include land which it is unnecessary to keep permanently open for the purpose of the Green Belt. Otherwise there is a risk that encroachment on the Green Belt may have to be allowed in order to accommodate future development. If Green Belts are drawn excessively tightly around existing built-up areas it may not be possible to maintain the degree of permanence that Green Belts should have. This would devalue the concept of the Green Belt and also reduce the value of local plans in making proper provision for necessary development in the future.

6. Well defined long-term Green Belt boundaries will help to ensure its future agricultural and recreational value, whereas less secure boundaries would make it more difficult for farmers and other land owners to maintain and improve

their land. Local planning authorities can assist in this by giving particular attention to areas of land within the Green Belt, or adjacent to it, which are suffering from disuse or neglect. This is particularly important in parts of the Green Belt that are close to existing urban development and which can be especially vulnerable to neglect or damage. Such areas may form an important part of the Green Belt and, if so, need to be protected and maintained. But in considering whether to include such areas within the Green Belt, where detailed boundaries have not yet been established, authorities should also consider carefully whether the land could be better reserved for future development and thus ease the pressure on other land that should have the long-term protection of the Green Belt. The overall aim should be to develop and maintain a positive approach to land-use management which both makes adequate provision for necessary development and ensures that the Green Belt serves its proper purpose.

7. For convenience the two earlier circulars on Green Belts (MHLG Circulars Nos 42/55 and 50/57) are reproduced in the Annex to this circular. The policy advice that they contain remains valid but insofar as they relate to the earlier development plan system they are out-of-date and are replaced by the present circular.

The Chief Executive
County Councils) in England and Wales
District Councils)

London Borough Councils
The Town Clerk, City of London
The Director-General, Greater London Council
The National Park Officer
Lake District Special Planning Board
Peak Park Joint Planning Board

For information:

The Chief Executive
London Docklands Development Corporation
Merseyside Development Corporation
The General Manager, New Town Development Corporations

Circular No. 42/55

MINISTRY OF HOUSING AND LOCAL GOVERNMENT
WHITEHALL, LONDON, S.W.1

3rd August, 1955

SIR,

GREEN BELTS

1. Following upon his statement in the House of Commons on April 26th last (copy attached), I am directed by the Minister of Housing and Local Government to draw your attention to the importance of checking the unrestricted sprawl of the built-up areas, and of safeguarding the surrounding countryside against further encroachment.

2. He is satisfied that the only really effective way to achieve this object is by the formal designation of clearly defined Green Belts around the areas concerned.

3. The Minister accordingly recommends Planning Authorities to consider establishing a Green Belt wherever this is desirable in order:

(*a*) to check the further growth of a large built-up area;

(*b*) to prevent neighbouring towns from merging into one another; or

(*c*) to preserve the special character of a town.

4. Wherever practicable, a Green Belt should be several miles wide, so as to ensure an appreciable rural zone all round the built-up area concerned.

5. Inside a Green Belt, approval should not be given, except in very special circumstances, for the construction of new buildings or for the change of use of existing buildings for purposes other than agriculture, sport, cemeteries, institutions standing in extensive grounds, or other uses appropriate to a rural area.

6. Apart from a strictly limited amount of "infilling" or "rounding off" (within boundaries to be defined in Town Maps) existing towns and villages inside a Green Belt should not be allowed to expand further. Even within the urban areas thus defined, every effort should be made to prevent any further building for industrial or commercial purposes; since this, if allowed, would lead to a demand for more labour, which in turn would create a need for the development of additional land for housing.

7. A Planning Authority which wishes to establish a Green Belt in its area should, after consulting any neighbouring Planning Authority affected, submit to the Minister, as soon as possible, a Sketch Plan, indicating the approximate boundaries of the proposed Belt. Before officially submitting their plans, authorities may find it helpful to discuss them informally with this Ministry either through its regional representative or in Whitehall.

8. In due course, a detailed survey will be needed to define precisely the inner and outer boundaries of the Green Belt, as well as the boundaries of towns and villages within it. Thereafter, these particulars will have to be incorporated as amendments in the Development Plan.

9. This procedure may take some time to complete. Meanwhile, it is desirable to prevent any further deterioration in the position. The Minister, therefore, asks that, where a Planning Authority has submitted a Sketch Plan for a Green Belt, it should forthwith apply provisionally, in the area proposed, the arrangements outlined in paragraphs 5 and 6 above.

I am, Sir,

Your obedient Servant,

A. B. VALENTINE.
Under Secretary.

The Clerk of the Council,

Local Planning Authorities.

County District Councils (for information).

England and Wales.

Annex to Circular No. 42/55

STATEMENT BY THE RT. HON. DUNCAN SANDYS, M.P., MINISTER OF HOUSING AND LOCAL GOVERNMENT, IN THE HOUSE OF COMMONS ON 26th APRIL, 1955

"I am convinced that, for the well-being of our people and for the preservation of the countryside, we have a clear duty to do all we can to prevent the further unrestricted sprawl of the great cities.

The Development Plans submitted by the local planning authorities for the Home Counties provide for a Green Belt, some 7 to 10 miles deep, all around the built-up area of Greater London. Apart from some limited rounding-off of existing small towns and villages, no further urban expansion is to be allowed within this belt.

These proposals if strictly adhered to, should prove most effective. For this the authorities in the Home Counties deserve much credit.

In other parts of the country, certain planning authorities are endeavouring, by administrative action, to restrict further building development around the large urban areas. But I regret that nowhere has any formal Green Belt as yet been proposed. I am accordingly asking all planning authorities concerned to give this matter further consideration, with a view to submitting to me proposals for the creation of clearly defined Green Belts, wherever this is appropriate.

However, I do not intend on this account to hold up my approval of Development Plans already before me. Additional provisions for Green Belts can be incorporated later."

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Circular No. 50/57

MINISTRY OF HOUSING & LOCAL GOVERNMENT
WHITEHALL, LONDON, S.W.1

19*th September*, 1957

SIR,

GREEN BELTS

1. I am directed by the Minister of Housing and Local Government to refer to Circular No. 42/55 about Green Belts.

2. A number of sketch plans have been received and considered, and the authorities can now proceed with formal proposals for the alteration of their Development Plans. This circular gives advice on the form of the submission.

Boundaries of Green Belts

3. The one-inch County Map will show the whole area of Green Belt falling within the County, apart from any areas covered by Town Maps. On the outer edges of a Green Belt it should be possible to choose a suitable boundary along roads, streams, belts of trees, or other features which can be readily recognised on the ground and which appear on the one-inch base map.

4. On an inner boundary, however, where the edge of the notation will mark a long-term boundary for development, treatment at a larger scale will be necessary. Where such boundaries fall in Town Map areas no difficulty of scale will arise; but where they do not, authorities are advised to adopt the 1:25000 (approximately 2½") scale, seeking the Minister's permission under Regulation 3 (2) of the Development Plan Regulations, 1948, for the submission of a section of the County Map at the larger scale. This larger scale inset is still legally part of the one-inch County Map and should show no more detail than is normally shown on that map.

5. The definition of a long-term boundary for development may involve detailed adjustments (either inwards or outwards) in the boundary of the area already allocated on a Town Map. Where land allocations are to be deleted or additional land allocated for development within the Plan period, the adjustments can be included in the same submission as the Green Belt proposals.

6. There may be some pockets of land, between the town and the Green Belt, which are not to be developed within the present Plan period but which could be developed later without prejudice to the Green Belt. It would be misleading to allocate such areas now, but to include them in the Green Belt for the time being might give rise to difficulties and undermine public confidence in the Green Belt at a later date if it were then decided to allocate the land for development. Such areas may well be left as pockets of "white" land. They are then bound to be especially attractive to developers

and it will be desirable to set out in the Written Statement the authority's policy for such areas in order to make it clear that they are not available for development at the present time.

Existing settlements

7. Where it is proposed to allow no new building at all, the Green Belt notation can be simply carried across the settlement. Where it is proposed to allow "infilling" but no extension of a settlement, and the form of the present settlement is such that it is clear what "infilling" would imply, the Green Belt notation can similarly be carried across the settlement. These settlements, however, will need to be listed in the Written Statement in order to distinguish them from the first category.

8. The need to map the limits for development of a settlement is likely to arise only where the authority propose to allow some limited measure of expansion, or where the existing development is scattered and the authority consider it necessary to show in the Plan their precise intentions, e.g. to permit the closing of some gaps by "infilling" but not others. In such cases a County Map inset on the 1:25000 (approximately 2½") scale will normally be needed.

Notation

9. The notation suggested for County Maps in revised (Circular No. 92) notation is an edging and open horizontal hatching with the initials GB where necessary. For County Maps in the full colour (Circular No. 59) notation an edging and open horizontal hatching in Green (2) is suggested.

Written Statements

10. The Written Statement forming part of the proposals for the alteration of the Development Plan should state :—

(*a*) The reason for defining the Green Belt.

(*b*) The kinds of development which the Council would be prepared to approve in the Green Belt. It will normally be appropriate for this statement to refer only to the categories of development listed in paragraph 5 of Circular No. 42/55, and to make no reference to the possibility of allowing other development in exceptional circumstances. These other exceptional cases would thus become proposals for development not in accord with the Development Plan and so be treated in accordance with the normal procedure in such cases.

(*c*) The Council's intentions for development control in any border areas of "white" land of the kind referred to in paragraph 6 above.

(*d*) The Council's intentions for development control in settlements where they are proposing to allow infilling or expansion.

Authorities may also care to include a reference to the special attention which will be paid to visual amenity when they consider proposals for development which will be in the Green Belt or conspicuous from it.

11. Most Green Belts will lie in the areas of more than one planning authority. It will clearly be desirable in such cases to secure a consistent development control policy over the whole Green Belt, and authorities will wish to consult with the other authorities concerned to secure such a policy. Specimen forms of words are set out in the Appendix to this Circular in order to provide a basis for co-operation in the drafting of Written Statements.

Rural Areas generally

12. It is important that the specially strict control in the Green Belts (and in the areas of landscape value) should not result in permission being given elsewhere for development which is inappropriate or detrimental to the countryside.

I am, Sir,

Your obedient Servant,

J. H. STREET,

Under Secretary.

The Clerk of the Council.

Local Planning Authorities

County District Councils (for information)

England and Wales

(91220/3/4/3)

Note: In Wales and Monmouthshire any communications in regard to this Circular should be addressed to the Under Secretary, Welsh Office, Ministry of Housing and Local Government, Cathays Park, Cardiff.

Appendix to Circular No. 50/57.

SUGGESTED DRAFT PARAGRAPHS FOR WRITTEN STATEMENT

(a) Reason for the Green Belt

1. It is considered that any substantial expansion of the built up area of.....

.....should be checked. Land adjoining this area has therefore been defined in the Development Plan as a Green Belt in which new development will be severely restricted.

OR 2. It is considered essential to preserve the open character of the land between the towns/urban areas of..... , ..., and

....., and to prevent these communities from merging into one another. Land between these towns/areas has therefore been defined in the Development Plan as a Green Belt in which new development will be severely restricted.

OR 3. It is considered that the special character of..... would be prejudiced by further development immediately around the town. Land around the town has therefore been defined in the Development Plan as a Green Belt in which new development will be severely restricted.

OR (for use by a County Borough)

4. It is proposed that a Green Belt be established around.....

/between..... and..... A part of the proposed Green Belt lies within the County Borough boundary, and this land is defined in the Development Plan as an area of Green Belt in which new development will be severely restricted.

(b) Types of development which will be allowed in the Green Belt

The purposes for which building (and the change of use of existing buildings) will be permitted in the Green Belt are agriculture and forestry, sport, cemeteries, institutions standing in large grounds, or other uses appropriate to a rural area.

(c) Development in "white" areas between the Green Belt and the areas allocated for development in the Plan

In order to keep amendment of the Green Belt boundaries to a minimum the inner boundary of the Belt has been defined to leave unallocated certain areas of land between the Green Belt and the development proposals in the Plan; these areas may later be allocated to meet demands for development beyond the present period of the Plan. Meanwhile the authority will permit only such development there as would be appropriate in the neighbouring Green Belt.

(d) Development in existing settlements within the Green Belt

Of the settlements which lie within the Green Belt, it is intended that some slight expansion shall be allowed at..... and..... ..... and the limits within which development in those settlements will be allowed are shown on insets to the County Map. It is proposed to permit only a limited amount of infilling in..... and..... ..... and no limits of development have therefore been shown in these cases. No new industrial building will be permitted in any of the settlements in the Green Belt.

(e) Development detrimental to the visual amenities of the Green Belt

Care will be taken to ensure that the visual amenities of the Green Belt will not be injured by proposals for development within or conspicuous from the Green Belt which, although they would not prejudice its main purpose, might be inappropriate by reason of their siting, materials, or design.

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cc DOE, Housing HL

6 February 1984

Defective Housing

The Prime Minister has seen the Solicitor General's minute of 2 February and has noted the points which he made.

I am copying this letter to Paul Britton in the Minister for Housing and Construction's Office.

Andrew Turnbull

NR.

Henry Steel, Esq., C.M.G., O.B.E.,
Law Officers' Department.

Prime Minister (2)

To note the SG's reservations. Mr Gow is doing more work on the extent of the problem

SOLICITOR GENERAL

ROYAL COURTS OF JUSTICE

LONDON, WC2A 2LL

01-405 7641 Extn

2/2

2nd Feb: 1984

PRIME MINISTER

Dear Prime Minister,

DEFECTIVE HOUSING

I have seen Ian Gow's letter to you of 27 January, in which he sets out the dangers which he still sees in the extension of the financial assistance to owners of privately built prefabricated reinforced concrete (PRC) houses.

There is great hardship for these people, as you illustrated so vividly at our meeting. But for my part the primary consideration must be that the Government should do nothing to suggest that it has embraced the principle of non-fault liability for compensation. The basic common law rule (that, in the absence of culpability or an express contractual term, any loss lies where it falls) of course does produce serious hardship in some cases. This, together with the hazards and difficulties of litigation, has led to a vociferous campaign for reform. The pecuniary loss caused to a victim should, it is said, be spread more widely, and without regard to whether there has been culpability on the part of another person.

The Pearson Report on Civil Liability and Compensation for Persoral Injury, which advocated a shift away from the traditional principles of tort in road accident cases towards an expanded social security system, went some way in this direction.

I think we should retain very substantial reservations about this philosophy. It conflicts with our belief in the concept of personal responsibility. We should prefer to see pecuniary risk covered by private insurance rather than achieve universal compensation (at huge public expense) by eradicating the criteria of culpability. We have

in fact resisted pressure to implement the Pearson recommendations, which remain in limbo. The reasons we have given are that implementation of Pearson would involve preferential provision for road accident victims as against victims of other accidents, and have unacceptable public expenditure implications.

We should, therefore, in any event need to avoid recasting the present scheme for assisting people who have bought PRC houses from local authorities, in any form which would increase pressure to implement Pearson.

Here we could point to the distinguishing fact that past Governments gave their approval to this kind of construction technique. There is also an arguable analogy with the background to the Vaccine Damage Payments Act 1979: see the annex to this letter. But I have a strong hunch that by mitigating now the losses suffered in these "hard cases" we should call forth a clamour for equal treatment for other cases, whose number and characteristics we cannot now foretell.

A remaining point is that we should be accused of putting the claims of those who own property before those of the victims of personal injury, whose loss can be more catastrophic even than in the cases of the people we are now considering.

These are the reasons why I think that if we eventually decide to move in the way you would like we should have to do everything possible to show that our policy stems from our earlier administrative decision to help those who have bought similar houses from local authorities.

Yours ever.

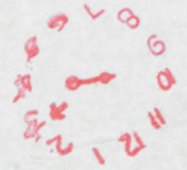
Patrick

VACCINE DAMAGE

The Vaccine Damage Payments Act 1979 obliges the Secretary of State to make a payment of £10,000 in any case where a person is seriously disabled as a result of vaccination for one of the diseases specified in the Act. If the Secretary of State decides that an individual's disablement does not result from vaccination or that the disablement is insufficiently serious to qualify for the £10,000 payment the claimant has a right of appeal to an independent medical tribunal.

The Compensation Scheme was set up in the light of an interim recommendation by the Pearson Commission but the details of the Scheme differ from that finally proposed by Pearson. The policy justification for Government intervention in this area was that the Government wished to maintain public confidence in the vaccination campaign.

Housing Policy Pt 4



VC

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10 DOWNING STREET

From the Private Secretary

30 January 1984

Dear Paul,

Defective Housing

The Prime Minister was grateful for Mr. Gow's minute of 25 January setting out the implications of extending the assistance currently offered to the owners of ex-public PRC houses to the owners of similar houses originating in the private sector. She has noted the difficulties of estimating the numbers of dwellings involved and that the total could be considerably higher than the figure of 3,000 discussed at the recent meeting. She has noted also that there are other defects in respect of which claims for assistance could be pressed.

While recognising that this would make it more difficult to extend the existing scheme to the owners of private sector houses, the Prime Minister does not wish to abandon the idea at this stage. Before taking a decision, she would be grateful if your Department could investigate further the number of properties possibly affected, whether variants of PRC designs or those subject to other defects. She would be grateful for a report in due course.

For the longer term, she would be grateful if your Department could consider what role improved insurance policies (whether taken out by builders or by homeowners) could play in alleviating this problem.

I am copying this letter to Henry Steel (Law Officers' Department).

Yours sincerely

Andrew Turnbull

Andrew Turnbull

Paul Britton, Esq.,
Department of the Environment.

BrP

PRIME MINISTER

Mr. Gow has responded very promptly to the meeting you held on defective housing. It seems clear that the figure he mentioned of 3,000 PRC houses which might have orginated in the private sector was very much a stab in the dark and that the figure could be much larger, particularly if houses with other defects are brought in.

Mr. Gow is inviting you to conclude at this stage that helping private sector owners is a forlorn quest.

I could, however, write back saying you have noted that the ramifications of assisting the owners of PRC houses could spread rather wider than thought at the meeting but that before any decision is taken you would like more work to establish the magnitude of the problem. (Perhaps something Government ought to be doing anyway).

Do you want to call it a day now or continue the investigation?

Mr. Gow wrote back before receiving my record of the meeting. This asked DOE to consider what contribution better insurance could make to this problem in the future. We should remind them of this request.

Agreed.

I think more work should be done

27 January, 1984

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

Minister for Housing and Construction

25 January 1984

Dear Prime Minister,

DEFECTIVE HOUSING

Following our meeting on Tuesday morning, I have considered further the implications of extending the proposed scheme of assistance to owners of privately built prefabricated reinforced concrete (PRC) houses of designs approved by Government bodies.

We do not at present have information to be certain how many such houses were built. At the time of construction, public authorities were required to give the Government detailed figures of the numbers and types of non-traditional houses which were built, but the private sector made no similar returns. In 1983, local authorities made a survey of PRC houses in their areas, but did not distinguish between privately and publicly built houses; in any case, they may have overlooked some privately built houses because not all PRC types are easy to identify.

Only about 250 privately built PRC houses have so far been identified definitely as belonging to those categories being examined by the Building Research Establishment. And because we have no detailed statistics for the whole of the UK so far as the private sector is concerned, I gave you a maximum figure of 3000 such privately built houses at our meeting.

However, there may be considerably more privately built houses which are variants of the Cornish Unit design. There could be as many as 10,000 of those houses although we do not have any information as to whether they suffer from the same inherent defects as the 'ordinary' type of Cornish Unit. There may in total be 13,000 or more privately-built PRC dwellings in the United Kingdom which might have to be included if our proposals were extended, as compared with the 16,500 publicly built PRC houses which have been sold (and whose owners may well receive some £200m of assistance under the scheme as at present proposed). But I must stress that our information about privately-built houses of this type is incomplete.

I do not think that we could, as a matter of principle, confine help to owners of privately built PRC houses only. The scheme of assistance in the Defective Housing Bill is being drafted so that, if necessary, we can extend help to owners of other types of house sold by the public sector and which subsequently turn out to be defective. We cannot be sure that in future cases the number of privately developed houses of these other types will necessarily be small. There were many non-traditional designs which used, for example, mass concrete, steel frames and timber frames. Many were approved by the Burt Committee and its predecessor, and some may have been used by the private sector. For the moment, these designs appear not to be subject to serious defects, but there have been isolated reports of problems and there have been suggestions (which for the moment I regard as scaremongering) that massive expenditure is needed to deal with them.

In addition, after 1960 the Government encouraged industrialised building through the certification of designs by the National Building Agency under the aegis of the Ministry of Housing and Local Government; again, it is possible that houses of these certificated designs were built by the private sector. Even houses of traditional design use methods and materials which are very different from those used up to the Second World War, and it could be claimed that in a number of respects they have had public sector approval e.g. through building regulations and the work of the Agrément Board.

There is an active campaign for special assistance for the owners of several hundred houses built in Cornwall between the Wars, of blocks made from mundic (local mining waste). These houses are deteriorating dramatically, but only some 10% of them were built by the public sector. In no sense were houses of this type approved by any Government agency.

It would be a major step of principle for the Government to help owners of defective houses built in the private sector even if we sought to justify any such decision on the basis that houses of this type were approved by the Government of the day. If we sought to confine such an extension only to privately-built houses of designs having Government approval, we should find it much more difficult to resist pressure from the local authorities to give them special extra funds to deal with such defects as there are in the 500,000-1m dwellings which remain in local authority ownership and which could be represented as having had this approval.

Before we decide to go down this road, I think that we ought to have more complete information to make sure that we would not be exposing the public sector to major new obligations; once the Government appears to reject the maxim of "caveat emptor", and assumes a financial obligation to the innocent purchaser, I ask myself where will this road end?

For the moment, the Defective Housing Bill is being drafted so that only those who have bought houses from public bodies, or who are the successors in title of those who have bought from public bodies, are eligible for assistance. This is as agreed by H Committee. We should need to discuss any change in this principle with colleagues in H and some delay in introducing the Defective Housing Bill could result.

Although I have great sympathy for those who have bought defective houses in the private sector which could not have been known to have been defective through a normal survey, and even though the then available knowledge led the Government of the day to endorse a particular system of building, we would, I believe, be setting a most dangerous precedent if we were to include private sector houses within our present scheme.

I am sending a copy of this letter to Patrick Mayhew.

IAN GOW

The Rt Hon Margaret Thatcher MP

3F

10 DOWNING STREET

From the Private Secretary

Prime Minister

The subject of latent damage and defective housing came up in correspondence with Sir Godfrey Phillips. (the issue was also raised in the briefing for the RIBA reception).

You can use the meeting:

(i) to ask the Solicitor General to put you in the picture on legal developments on the liability for latent damage

(ii) to discuss with Sir Gow whether the Government should maintain its line that it will help those with defective houses only when the houses have been bought from the public sector

AT
23/1

010

01-405 7641 Ext.

Communications on this subject should be addressed to
The Legal Secretary
Attorney General's Chambers

ATTORNEY GENERAL'S CHAMBERS
LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, W.C.2

A Turnbull Esq.
Prime Minister's Office
10 Downing Street
London SW1

23 January 1984

Dear Andrew,

LATENT DAMAGE

I enclose the one-page note for which you asked.

I am copying this letter and enclosure to Paul Britton.

Yours sincerely,

Juliet Wheldon.

Miss J L Wheldon

LATENT DAMAGE: LEGAL ISSUES

1. Can a house owner,who has suffered from latent damage claim damages?
The most likely cause of action is negligence but the owner will need to est ablish:

(i) that there has been a breach of the duty of care owed to him by e.g. the builder or architect,

(ii) that there is a defendant to the action who would be able to satisfy a substantial claim for damages; and

(iii) that the action has not been time-barred.

Each of these steps may be difficult.

(i) Duty of care: It is far from certain that e.g. the builder or architect should have known of the risk of any latent damage.

(ii) Defendant : The longer the period between the building of the house and the defect coming to light the more likely that the builder or architect concerned will have disappeared or will be unable to satisfy the claim for damages e.g. for insurance reasons.

(iii) Limitation: Following the House of Lords Judgment in the Pirelli case [1983] a litigant is statute-barred if he begins his action more than 6 years after the date when the damage to his house actually occurred and not the date when he might reasonably have been expected to discover that damage. The House of Lords themselves found this thoroughly unsatisfactory and said there was a need for legislation.

2. Are there proposals to reform the law?

The problems on (i) and (ii) are part of the general law of tort and we know of no current legislative proposals which would affect them. The Law Reform Committee is looking at (iii), the limitation problem, and is expected to report soon. Its deliberations are confidential. The Lord Chancellor's Department have asked QL for a place in the programme for the legislation which the Committee is expected to seek; the Lord Privy Seal has recommended against its inclusion. Such legislation might change the date when the right of action accrues and/or introduce a judicial discretion to extend the limitation period (as exists already for personal injury cases).

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

Minister for Housing and Construction

Andrew Turnbull Esq
PS/Prime Minister
10 Downing Street

23 January 1984

Dear Andrew,

DEFECTIVE HOUSING

I enclose the note on defective housing for which you asked.

I am sending a copy of this letter and its enclosure to Juliet Wheldon.

Yours sincerely

Paul Britton

P J J BRITTON
Private Secretary

DEFECTIVE DWELLINGS

THE PROBLEM

From the 1920s, prefabricated reinforced concrete (PRC) components have been used in building some types of houses and flats. After both Wars, the Government, confronted by a shortage of skilled building workers and traditional building materials, promoted building by the public sector in PRC. In 1980, the Airey type was found to be suffering from structural defects. One defect was the result of gradual carbonation of the concrete and/or the inclusion of chlorides when they were manufactured.

In February 1983, the Government introduced a discretionary scheme of assistance for owners of Airey houses. However it has since become clear that the carbonation and chlorides problem extends to all types of PRC house of the period before 1960 (see the Building Research Establishment's conclusions at A, and Mr Gow's statement at B).

EXTENT OF PROBLEM: PUBLIC AND PRIVATE

In the UK, some 170,000 PRC houses were built by the public sector before 1960. About 16,500 of these houses have been sold, mainly to tenants. Few houses of these types were built by the private sector: we know only of 20 in Egham, about 112 in Buckinghamshire (including Mr Phillips'), 50 in Bromley, and a small group in Dartford. To extend the proposed scheme of assistance to these owners would open the door to Government protection of privately-developed houses generally against structural defects.

NEGLIGENCE

It is unlikely that a private owner of a privately-developed PRC house could mount a successful action because of the carbonation/chlorides problem, on the grounds of negligence on the part of those who designed, approved or manufactured PRC houses, for two reasons. First at the time of design and manufacture, understanding of these chemical processes was

imperfect. It could be argued strongly that the problems could not have been foreseen in the 1940's and 1950's. Even if there were negligence, the designers and builders may have died or ceased trading. Any duty of care owed by the Government in recommending the designs would be owed only to the local authorities to which the recommendations were made, not to private owners whose houses were built by private developers. Second, in the recent case of Pirelli v Faber the Lords held that a claim in negligence accrues when damage occurs not when damage becomes apparent. Damage would probably be held to have occurred when the processes first began to operate within the structure. Any action would therefore be barred by the Limitation Act.

Building Research Establishment Information Paper

bre information

CI/SfB 1976 81 (--) q4

IP 16/83

October 1983

The structural condition of some prefabricated reinforced concrete houses of Boot, Cornish Unit, Orlit, Unity, Wates and Woolaway construction

Following the statement by the Minister for Housing and Construction on 8 February 1983[1], the Building Research Establishment has undertaken structural evaluations of the present condition of six common types of prefabricated reinforced concrete house built after the First World War and between 1945 and 1960 (Boot, Cornish Unit, Orlit, Unity, Wates and Woolaway). This paper summarises BRE's findings and suggests some implications for the stock of these types of house. Detailed reports on the investigation of each of the types, including suggestions for inspection, maintenance and repair, have been prepared; they are listed at the end of this paper.

THE HOUSE TYPES EXAMINED

The main load-bearing components of each type of house examined are made of concrete. The chief features of each design are as follows:

Boot houses have precast reinforced concrete columns and ring beams with unreinforced breeze concrete wall panels.

Cornish Unit houses have precast concrete columns and ring beams with unreinforced concrete wall panels.

Orlit houses have precast reinforced concrete columns, main beams and secondary beams. The walls are clad with precast reinforced concrete panels and flat roofs decked with precast reinforced concrete slabs.

Unity houses have precast reinforced concrete columns clad with unreinforced concrete panels.

Wates houses have precast reinforced concrete wall panels and ring beams joined by an in-situ reinforced concrete frame.

Woolaway houses have precast reinforced aerated concrete columns, wall panels and ring beams.

Concrete floor and roof components are used in Orlit houses. Concrete floors are used in flats. In houses of the other types, first-floor and roof construction are usually of timber.

INVESTIGATIONS

The evaluation is based on investigations on site by BRE comprising visual inspections of about 2000 houses and detailed examinations of the structural components of 55 houses, supported by examination of available documentation on design and construction and review of technical data on present condition available from local authorities and others. Although the investigations were limited it is believed that they provide a broad guide to the range of structural conditions in the stock of the particular types.

The investigations concentrated on the condition of the structure, particularly the reinforced concrete load-bearing components, although deterioration of other concrete components such as cladding and window frames, and evidence of roof leakage and condensation, were noted. The condition of other components of the houses was not examined.

The investigations on site consisted of visual inspection of the outside and inside of dwellings as far as access would allow, noting any signs of deterioration or of structural distress. Where owners permitted, detailed examination of concrete components was made by sampling the concrete to determine cover to reinforcement, condition of reinforcement, carbonation depths, chloride contents and cement contents. Examination of components was limited because components were often hidden in cavities behind wall facings and ceilings and in roof spaces and because only very local damage during the sampling of components was acceptable.

The most important indication of the structural condition of these reinforced concrete components was whether they were uncracked or cracked due to the corrosion of their reinforcement. (As corrosion proceeds, bursting forces are produced which cause the concrete to crack and spall.) The implication of this cracking is that the component is reaching the point at which it will no longer perform the function intended by the designer. In the case of uncracked components, the important consideration is the length of their future life before any reinforcement corrosion is likely to cause cracking. Where there is carbonation to, or almost to, the reinforcement, or the presence of a high content of chloride in the concrete, cracking is likely to occur within a few years, with the possible exception of those components in dry environments where cracking is likely to be delayed.

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▲Technical enquiries to▲

The evaluation of the condition of the houses included an assessment of the effects of deterioration on structural safety.

THE FINDINGS

Overall, the investigations revealed that the reinforced concrete components are gradually deteriorating. They are doing so because of carbonation of the concrete and, in some cases, the presence of high levels of chloride, leading to corrosion of the steel reinforcement[2] and the consequent cracking of the concrete.

The great majority of the houses studied were found to be in structurally sound condition, but there was a wide range in the rate of deterioration both between and within types. Some cracking was found in all types and the nature of the process is such that deterioration will continue, albeit very slowly in some cases, and all houses will eventually be affected by cracking. Cracking in a proportion of houses of all types will not occur for some years, and a few houses may not display any evidence of deterioration for, say, the next 30 years or more.

Cracking of the concrete is now present in a small proportion of components in all six types. The most advanced deterioration appears to be in the main and secondary beams of Orlit houses and in columns of Boot, Unity and Woolaway houses, but some cracking is also present in columns in Cornish Unit houses, in structural concrete in Wates houses and in the infill panels in Woolaway houses. Cracking of reinforced concrete cladding components and other precast non-structural components is present in some types.

No structurally unsafe conditions were found. However, in some houses of some types early action is desirable to maintain safety. The inspection of Orlit houses to determine the condition of concealed secondary and main beams should be put in hand unless this work has been completed recently.

The processes of carbonation and attack by chlorides are likely to affect all prefabricated reinforced concrete houses of this period in the manner described above.

IMPLICATIONS FOR INSPECTION OF INDIVIDUAL HOUSES

Deterioration of structural concrete components in these houses may lead eventually to an unsafe condition. They should therefore be inspected regularly and adequately maintained in the future.

Normal survey practice should record the presence of any visible cracking in Cornish Unit and Wates houses[3]. If no cracking is visible it may be reasonable to assume that in these types the concrete components are in sound condition at the time of survey. Where components are hidden, eg in Boot, Orlit, Unity and Woolaway dwellings, access will be required to cavities or by removal of render in order to assess the condition of the components. If cracking is found, its cause and structural significance should be determined. Analysis of the concrete and examination of the reinforcing steel will have to be made to determine whether components uncracked at the time of survey may crack in the near future[4].

REPAIR AND REMEDIAL WORK

There are no practicable techniques which can halt deterioration altogether. Its emergence can be deferred for some years by measures such as those described in BRE Digest 265[5].

The practicability of repair and replacement of components at economic cost, in order to give these houses a life comparable to that of houses of other designs, depends upon the individual characteristics of each type. The detailed reports on the individual types of house refer to the feasibility of repair in each case.

REFERENCES

1 *House of Commons Official Report. Parliamentary Debates (Hansard).* Tuesday 8 February 1983, Vol 36, No 54, Col 893. London, HMSO, 1983.

2 **Building Research Establishment.** The durability of steel in concrete: Part 1. Mechanism of protection and corrosion. *BRE Digest* 263. London, HMSO, 1982.

3 **The Royal Institution of Chartered Surveyors.** Structural surveys of residential property: a practice note. London, RICS, 1981.

4 **Building Research Establishment.** The durability of steel in concrete: Part 2. Diagnosis and assessment of corrosion-cracked concrete. *BRE Digest* 264. London, HMSO, 1982.

5 **Building Research Establishment.** The durability of steel in concrete: Part 3. The repair of reinforced concrete. *BRE Digest* 265. London, HMSO, 1982.

This Information Paper summarises the following BRE reports:

The structural condition of Boot pier and panel cavity houses
The structural condition of Cornish Unit houses
The structural condition of Orlit houses
The structural condition of Unity houses
The structural condition of Wates prefabricated reinforced concrete houses
The structural condition of Woolaway houses

Copies of these reports are available, price £5 each (including postage), from the Distribution Unit, Building Research Establishment, Garston, Watford, WD2 7JR.

Information Papers are circulated to selected audience groups appropriate to each subject. Full details of recent Information Papers and other BRE publications are published quarterly in *BRE News*.
Requests for *BRE News* or for placing your name on the BRE mailing list should be addressed to: Mailing List (Commands), Building Research Establishment, Garston, Watford, WD2 7JR. Extra copies of this paper are available; a charge may be made for supplies in quantity.

STATEMENT BY THE MINISTER FOR HOUSING AND CONSTRUCTION
10 NOVEMBER 1983

B

DEFECTIVE HOUSING

1. On 7 September 1982 my hon Friend, the Member for Tonbridge and Malling, announced a scheme of financial assistance in the form of repairs grants or repurchase to owners of Airey houses which had been sold by public bodies and which had subsequently been discovered to be subject to serious defects or potential defects. On 8 February, he told the House that he had asked the Building Research Establishment to study possible deterioration in other types of prefabricated reinforced concrete houses built before 1960. The Establishment is publishing today an Information Paper summarising its findings of separate reports on 6 of the most common types - the Boot, Cornish Unit, Orlit, Unity, Wates, and Woolaway designs. A copy of the Information Paper has been placed in the Library.

2. The Building Research Establishment has found that the reinforced concrete components in all 6 types are gradually deteriorating as a result of carbonation of the concrete and, in some cases, the presence of high levels of chloride, leading to corrosion of the steel reinforcement and consequent cracking of the concrete. The great majority of the houses studied were found to be in structurally sound condition. There were significant differences in the rate of deterioration both between and within types. Some cracking was found in all the types and the nature of the process is such that deterioration will continue, although in some cases very slowly. All houses of these types will eventually be affected by cracking. Cracking in a proportion of houses will not occur for some years and a few houses may not display any evidence of deterioration for the next 30 years or more.

3. No conditions were found which were structurally unsafe. Risk to stability would be preceded by visible serious cracking in Boot, Cornish Unit, Wates and Woolaway houses. In Orlit houses, concealed main and secondary beams should be inspected now, if this has not been done already following the Department's letter to local authorities of 2 September 1982. Concealed columns and steel bracing in those Unity houses which have plasterboard or other dry lining should be inspected within the next year. Where serious cracking is present, professional advice should be sought.

4. The processes of carbonation and attack by chlorides are likely to affect all prefabricated reinforced concrete houses built before 1960. There are about 170,000 of these houses in the United Kingdom which were built by public bodies. Approximately 16,500 have been sold, mostly to sitting tenants.

5. I stress that the Building Research Establishment's studies are only of prefabricated reinforced concrete houses. The conclusions carry no implications for houses of non-traditional design which use other load-bearing materials.

6. Private owners will find themselves in a difficult position as a result of the effect of these findings on the value of their houses. The Government has decided to introduce early legislation to provide a scheme of assistance to private owners of houses sold by the public sector and since found to be defective or potentially defective. This will be on lines which are broadly similar to those of the scheme for owners of Airey houses which is already in existence.

7. The essential feature of the proposals will be a <u>right</u> of assistance. This will arise where the Secretary of State determines that houses of a particular category built by a public body should fall within the scheme because he is satisfied that, as a result of their design or construction, they suffer from or can be expected to suffer from structural defects not discoverable by normal survey at the time they were sold and which have resulted in a substantial loss of value in real terms as compared with the value at purchase. In respect of these houses local authorities will be under a statutory <u>duty</u> to assist either by way of a repairs grant or repurchase.

8. A grant of 90% of eligible expenses on repairs is intended to be the main form of assistance. But there will be cases in which repair will be uneconomic, or will not give the house a further useful life of at least 30 years, or will still not make the house mortgageable in the private sector. There will be other cases in which there would be hardship for the owner if repair were the only form of assistance possible. In these cases we propose to lay a duty on local authorities to acquire the dwellings if the owner wishes. Owners will receive 95% of the defect-free value of the house.

9. We have in mind that the scheme should apply to all types of prefabricated reinforced concrete house built before 1960. However, no final decisions have been taken on the initial coverage of the scheme and the BRE is studying six further types to supplement its findings.

10. In addition to the mandatory scheme, local authorities will be given a discretionary power to assist owners of defective houses which meet these criteria but in respect of which the Secretary of State has made no order requiring the local authority to give assistance. This power will enable local authorities to assist where there are local problems.

11. The local authority associations will now be consulted about these proposals. I will be asking them to comment before 16 December on a consultation document which is being sent to them today; a copy is being placed in the Library. A Bill to give effect to these proposals in Great Britain will be introduced as soon as possible thereafter. Separate legislation will be introduced for Northern Ireland.

12. The need for expenditure by individual local authorities on this scheme, and on defective houses remaining in their own stock, will be taken into account in determining their housing investment programme allocations.

13. The BRE has also studied the Smith house, which uses a different system of construction. A detailed report will be published next month. I shall be considering whether local authorities should be under a duty to give assistance to private owners of that type of house.

14. The Department is writing to local authorities to inform them of the BRE's findings and of the proposals for legislation. Copies of the letter to local authorities and a table giving figures of prefabricated reinforced concrete houses in each local authority area have been placed in the Library.

15. The Scottish Development Department and the Welsh Office will be writing in similar terms to local authorities there. The Scottish Development Department will also be writing to the Scottish Special Housing Association and will be holding consultations with the Convention of Scottish Local Authorities.

16. Mr Speaker, I apologise to the House for the length of this statement and for the fact that the texts of the seven separate reports which have only just been finalised are not yet available for publication. But I wanted to make a statement just as soon as possible. The reports will be published very early next month, and will be sent to local authorities with a request that they be passed on to private owners of these houses in their areas.

PRIME MINISTER

Housing Policy

You asked us to check what the Manifesto said about housing, in connection with the draft reply to Mr. Roydon of the House-Builders Federation.

The relevant passage comes at the end of page 25 of the Manifesto, and reads as follows:

> "Our goal is to make Britain the best housed nation in Europe."

The DOE draft used the word "pledge" rather than "goal". I attach a revision which repeats the Manifesto wording.

DB

10 January 1984

BF

10 DOWNING STREET

Mr Sherbourne

Please see the PM's comment on the DoE draft below.

Could you please check compatibility with the manifesto, and provide appropriate advice?

DAB
10/1

F E R Butler Esq

CABINET OFFICE

8 | 5

With the compliments of
The Private Secretary to the
Secretary of the Cabinet

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APPOINTMENTS IN CONFIDENCE

Mr. Twynholt to see
Mr. Barclay
NBPM

70 WHITEHALL, LONDON SW1A 2AS

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From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref.A084/49

5 January 1984

Management of Private Sector Blocks of Flats

Thank you for your letter of 16 December about your Secretary of State's intention to invite Mr John Wheeler MP to serve on the Committee to examine the management of private sector blocks of flats.

Sir Robert Armstrong (who is a constituent of Mr Wheeler's) has no doubt that Mr Wheeler has qualifications and experience which would equip him well for membership of this Committee. But he does wonder whether it is wise to put a Member of Parliament on to a Committee of this kind. There will be a danger of such an appointment being seen (particularly as it is not to be balanced by the appointment of an Opposition backbencher) as liable to politicise the Committee's work, or even as an attempt by the Government to condition the findings in a political sense favourable to the Government. Sir Robert doubts whether Mr Wheeler's qualifications are so uniquely valuable as to offset the potential disadvantages and risks of political criticism to which this appointment would give rise. But these are essentially political considerations, on which it is for Ministers, and in the end to the Prime Minister, to make a judgment. If the Secretary of State is minded to proceed with the appointment, it should clearly be referred both to the Prime Minister and to the Chief Whip.

R. HATFIELD

(R P Hatfield)
Private Secretary

R G Wakeford Esq

~~Daily Mail~~

Housing Policy.

Please check what the manifesto said. I do not remember the phrase and I should like to see the context.

MT

BF Wednesday evening. AT 12/12

Fanny Blig Sing.

10 DOWNING STREET

From the Private Secretary

Prime Minister (2)

Ferdy and Ian Gow are arguing that as the builder/landlord can get capital allowances where property is 100% rented, and owner occupier gets mortgage interest relief where property is 100% owned, it is illogical to deny capital allowances for part-rented cases.

I think logic is on their side. If the Treasury want to contain cost of housing subsidies, it would make more sense to have some general restriction, rather than deny relief to a particular form of tenure. (and a deserving one at that)

Agree raise with Chancellor?

AT 9/12

Yes

7 December 1983
Policy Unit

PRIME MINISTER

CAPITAL ALLOWANCES FOR SHARED OWNERSHIP IN THE PRIVATE SECTOR

You may recall that at the Family Policy Group last year, you asked the Treasury and John Stanley to resolve this question. The Treasury still won't budge (see Ian Gow's letter of 6 December, attached).

The question is basically simple enough. The home-sharer is naturally entitled to tax relief on the mortgage on that part of the dwelling which he buys. He pays rent on the remainder. That rent must be reasonable if the scheme is to be significantly cheaper than outright purchase. But if the rent is too low, then there is no profit for the housebuilders, because they are not entitled to capital allowance on the rented element.

The volume housebuilders accordingly claim that unless they are granted capital allowances on their share of the dwelling, shared ownership is not worth their while. With capital allowances, Laure Barratt has estimated that up to 60,000 extra houses a year might be built - 60,000 extra low-income families introduced to home-ownership.

Ian Gow makes an important new point: that the value of capital allowances on a shared ownership dwelling would be less than the cost of the additional tax relief to an outright purchaser. Thus, the total government subsidy per shared-ownership dwelling would be less than that on a home purchased outright. Therefore, even if we did grant this concession, we would still be offering a lesser subsidy to low-income families striving to place a first foot on the home-ownership ladder than to better-off families with mortgages.

I am as anxious as the Treasury not to introduce a fresh distortion into the tax system. But in this case, the distortion is already present in the unfair bias against shared ownership in the private sector as compared with (a) outright purchase; or (b) wholly-rented assured tenancies where, since the 1982 Budget, landlords have been entitled to capital allowances; or (c) shared ownership in the public sector, where the rented element may be subsidised by the public authority; and (d) council housing.

The existing distortion may be clearer if we put it like this:

	Mortgage Tax Relief	Housing Subsidy on Rented Element	Capital Allowance on Rented Element
Outright purchase	YES	-	-
Assured tenancy, shared ownership, private sector	YES	-	NO
Shared ownership, public sector	YES	YES	-
Assured tenancy, wholly rented, private sector	-	-	YES
Public sector rented housing	-	YES	-

Would you care to raise this question with the Chancellor at your next tête-à-tête?

FERDINAND MOUNT

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

Minister for Housing and Construction

My Ref: G/PSO/46290/83

6 DEC 1983

Dear John,

Thank you for your letter of 24 November on capital allowances for shared ownership responding to mine of 31 October and Ferdy Mount's of 1 November.

I am sorry that you do not favour my proposal on the grounds that the granting of capital allowances for shared ownership would, by introducing a substantial subsidy, distort the housing market. I have difficulty in reconciling this view with our present policy for tax relief on mortgages for home owners.

61% of households are now in owner occupation and mortgage tax relief is the Government's principal instrument for assisting those families in achieving this. My proposal would not introduce a distortion into the housing market - quite the opposite - but would extend the assistance available already to a further tranche of potential owner occupiers.

The effects of additional tax relief on the PSBR are, as you point out, as costly as public expenditure. But as Ferdy Mount has indicated, the countervailing savings must be taken into account. My officials have produced a comparison, based on the Inland Revenue's examples of shared ownership prepared earlier this year, between the cost on the one hand of an anual rate of 50,000 additional households which would have bought outright and the same number buying via shared ownership.

This shows that the present value of capital allowances would be less than the cost of additional tax relief to outright purchasers. We would not, I assume, begrudge the tax relief to full owner occupiers. Can we therefore withhold this lesser benefit to those households of lower average income who are striving to place a first foot on the home ownership ladder?

Indeed, if the value of the capital gain (taxed under Corporation Tax) and the profit on the rent are taken into account, the medium-term savings available under my proposal are considerable.

For that reason we should be prepared to countenance the temporary initial cost to the PSBR.

I am sending a copy of this letter to Ferdy Mount with many thanks for his contribution to this discussion.

IAN GOW

BRIEFING NOTE
NO. 37
1/12/83

3. Housing Benefit

The Chancellor announced in his Autumn Statement on 17th November 1983 a reduction in the amount of Housing Benefit going to certain better-placed families.

Housing benefit at present goes to one household in three, sometimes to people on average incomes. The reduction will amount to less than 5 per cent of the total spent on Housing Benefit, and the poorest households will continue to be protected. Housing Benefit will still help over 6¼ million householders. including more than 3½ million pensioners. These changes, which come into effect in April next year, will save £230 million.

In April 1983 Housing Benefit replaced both supplementary benefit payments to help people pay their rent and rates, and the rent and rate rebate and rent allowance schemes formerly administered by local authorities. It provides a much simplified single benefit to help low income householders with their housing costs. Now, all help with rent and rates comes from local authorities in the form of rebates or, for private tenants, allowances; and the local authorities are reimbursed by the Government. Supplementary benefit claimants normally get 100 per cent help, although deduction may be made if there are 'non-dependants' in the household. The Department of Health and Social Security sends a certificate of entitlement to the local authority. In other cases, known as 'standard cases', recipients get a partial rebate or allowance.

The scheme has a number of advantages: it is simpler to understand; many people on supplementary benefit now pay no rates or rent because they are fully rebated; and local authorities are better able to control arrears because tenants now get rebates.

From April 1984 a number of changes will be made in the operation of the scheme. First, there will be increased tapers above the needs allowance, which means that benefit will be withdrawn more sharply for 'standard' recipients on higher incomes. This will save £115 million. Secondly, people with small entitlement will no longer get help. This will affect people with a rent rebate entitlement of up to £1 per week or a rates rebate entitlement of up to 50p per week. Thirdly, deductions which take account of the income of non-dependants in the household will be increased and extended, although deductions for pensioners and long term sick and unemployed remain unchanged. This will save £40m. Fourthly, 18-20 year olds on supplementary benefit will no longer receive the 'non-householder's contribution'. This will save £60m. Fifthly, higher thresholds will be set for high rent schemes (where local authorities are able to pay higher benefits to standard benefit tenants where rent levels are above nationally-set thresholds). This will mean that fewer authorities will pay benefit under high rent schemes after April 198 Lastly, there will be an increase of £1 per week in the dependent child addition to the needs allowance, which will benefit half a million families.

Conservative Research Department,
32, Smith Square, London S.W. 1.

CD/TH/SC-B

There are also 261 district nurses-midwives employed by health authorities in Wales, but it is not possible accurately to apportion their time between midwifery and other work.

Rate Support Grant

Dr. Marek asked the Secretary of State for Wales whether he will organise the work of his Department so as to publish the rate support grant report for 1985-86 not later than one week before the House rises for the Christmas Adjournment 1984.

Mr. Nicholas Edwards: It is not possible to give a firm commitment for a particular publication date 12 months in advance. It remains my intention to publish all rate support grant reports at the earliest opportunity.

ENVIRONMENT

Housing Expenditure

Mr. Heddle asked the Secretary of State for the Environment if he will provide a breakdown of the housing public expenditure programme for 1984-85.

Mr. Patrick Jenkin: Following discussions with the local authority associations in the Housing Consultative Council on 21 November and with the chairman of the Housing Corporation, I am able to announce final decisions on housing capital and current expenditure for 1984-85.

Total provision for housing capital expenditure in 1984-85, including forecast housing capital receipts next year of £1,596 million, and a sum carried forward as a result of introducing end-year flexibility on the local authority capital cash limit, is £3,274 million. I have decided to allocate those resources as follows:

	£ million
Local authorities	2,522
Housing corporation	687
New towns	60
Homeloan	5

The gross provision for local authorities includes £35 million for insulation grants under the homes insulation scheme and for the administrative costs of that scheme. I am today announcing, in answer to a question by my hon. Friend the Member for Rugby and Kenilworth (Mr. Pawsey), details of a proposed extension of the homes insulation scheme. The effects of that have been taken into account in making provision for expenditure of £35 million under the scheme.

Capital resources next year for the Housing Corporation include net provision for £617 million plus estimated capital receipts of £70 million. This will maintain provision for a substantial level of investment by the corporation.

The new towns' share of resources again reflects the fact that the publicly-rented programme in the new towns has virtually ended. The remaining investment is concentrated on providing sites for private development, on shared ownership and on repair and improvement of dwellings prior to transfer to local authorities.

The provision of £2,522 million for local authorities incorporates carry-forward as a result of introducing end-year flexibility on the cash limit in the terms announced on 17 November. It also includes forecast capital receipts of £1,465 million. Details of those forecast receipts and of the underlying assumptions were given yesterday in reply to the hon. Member for Pontefract and Castleford (Mr. Lofthouse).

I have decided, following consultations with the local authority associations, to change the prescribed proportion for most housing capital receipts from 50 per cent. to 40 per cent. from 1 April 1984. I shall lay before the House in due course revised Local Government (Prescribed Expenditure) Regulations to give effect to that change. The change will allow an extra £130 million to be added to the amount available for housing investment programme allocations which are distributed in accordance with housing need. The HIP total for 1984-85 is £1,853 million compared with £1,801 million in 1983-84. Authorities will, in addition, be able to reinvest their capital receipts, albeit at the reduced prescribed proportion. On the basis of our forecasts, authorities will be able to undertake at least an extra £666 million of investment in this way in 1984-85. I recognise that, since the change will apply also to accumulated capital receipts, it might disrupt the investment plans of some authorities whose 1984-85 programmes relied on full use of their capital receipts at the existing prescribed proportion. I have therefore made arrangements to hold back £50 million from the available allocation total to provide for supplementary allocations to authorities which find themselves in such circumstances. Any part of the £50 million not used for this purpose will be distributed more generally to other authorities. I shall aim to make these supplementary allocations before the beginning of the financial year.

The initial housing investment programme allocation total for 1984-85 is therefore £1,803 million. I have discussed with the local authority associations the method of distributing that total between individual authorities. Each authority is today being informed of its own allocation. Authorities are also being informed of the procedure and the criteria for making supplementary allocations following the reduction on the prescribed proportion of housing capital receipts. I have placed copies of the letter to authorities and of the schedule of initial allocations in the Library and the Vote Office. I have also placed in the Library details of the method by which those allocations were determined.

For future years, as I made clear in my reply to my hon. Friend the Member for Stockport (Mr. Favell) on 17 November — [Vol. 48: c. 525-27] — I have assured authorities that they may plan their forward housing programmes on the basis that their allocations for 1985-86 and 1986-87 will be at least 80 per cent. and 70 per cent. respectively of those being notified to them today for 1984-85. In the same way as for the assurance given last year for the 1984-85 allocation, authorities will be required to show that they can justify the need for that level of expenditure. The assurances for 1985-86 and for 1986-87 are based on the assumptions that average rents in both years will rise in line with prices and that total housing capital receipts will be at least £1,300 million. I am not at this stage extending the same assurance to the GLC, although I shall consult the London boroughs about whether it should subsequently be extened to that council as regards its responsibilities for the transferred stock for 1985-86. This assurance provides authorities with a three-year capital programme. I believe it will be invaluable as an aid to the forward planning essential for investment.

As regards housing current expenditure, I have considered carefully the views of the local authority associations on the consultation papers which I issued on reckonable income and on reckonable expenditure on management and maintenance for 1984-85. I have decided to determine an increase in the local contribution for housing subsidy purposes of 75p a dwelling a week. It is for authorities themselves to decide how to finance that contribution. On management and maintenance, I have decided to increase the expenditure counting towards the subsidy calculation by 5 per cent. over the level assumed for 1983-84.

Homes Insulation Grants Scheme

Mr. Pawsey asked the Secretary of State for the Environment whether the Government have any plans to extend the homes insulation grants scheme.

Mr. Gow: Yes. We propose to extend the scheme to grant aid the insulation of dwellings with 25mm or less of existing loft insulation. At present only dwellings with no loft insulation whatsoever qualify. We intend to consult the local authority associations with a view to implementing the change as soon as possible. The homes insulation scheme allocation of £35 million for 1984-85, whih I have announced today, takes account of this proposal.

Rates

44. **Sir Kenneth Lewis** asked the Secretary of State for the Environment what discussions he proposes to have with those local authorities who have been economical in their administration in previous years and who may not be seriously affected by Government proposals to cap rate increases.

Mr. Waldegrave: The selective rate limitation scheme will apply to no more than 12 to 20 of the highest spending authorities. Economical authorities have nothing to fear. We intend to exclude statutorily from the scope of the scheme authorities spending less than their grant related expenditure, and also authorities with small budgets; a figure of £10 million per annum was suggested in the White Paper, Cmnd. 9008.

Nuclear Waste

Mr. Skeet asked the Secretary of State for the Environment what recent consultations his Department has had upon the disposal of nuclear waste.

Mr. Waldegrave: My Department has regular and useful consultations with the radioactive waste management advisory committee, and officials attend meetings of the local liaison committees for individual nuclear sites. Where it is statutorily required or otherwise justifiable, consultations also take place with the relevant local authorities and water authorities about proposals to issue authorisations under the Radioactive Substances Act 1960.

A meeting has been held with Members of Parliament for the area surrounding the site at Elstow in Bedfordshire identified by the Nuclear Industry Radioactive Waste Executive for further investigation, and a similar meeting will be held in the near future in relation to the Billingham site.

The consultation document published on October 25 set out draft principles which the authorising Departments under the 1960 Act propose to use in considering proposals for new disposal facilities. All concerned have been invited to submit comments on this document by March 31 and copies of it can be obtained free of charge from my Department. Copies have so far been sent to the 205 bodies on the attached list.

Advisory Committee on the Safety of Nuclear Installations
Amersham International PLC
Anglian Water Authority
Anti-Nuclear Campaign
A Power for Good Ltd.
Associated Society of Locomotive Engineers and Fireman
Association of Consulting Engineers
Association of County Councils
Association of District Councils
Association of District Councils (Welsh Branch)
Association of Local Authorities for Northern Ireland
Association of Local Authority Valuers and Estate Surveyors
Association of Metropolitan Authorities
Association of Scottish Chambers of Commerce
Association of University Radiation Protection Officers
Australian High Commission
Bank of America
Bar Council
Bedfordshire County Council
Brick Development Association
British Aggregate Construction Materials Industries
British Association of Nature Conservationists
British Ecological Society
British Gas Corporation
British Insurance Association
British Institute of Radiology
British Nuclear Forum
British Nuclear Fuels Ltd.
British Pre-cast Concrete Association
British Property Federation
British Trust for Conservation Volunteers
British Railways Board
British Waterways Board
Building Research Establishment
Building Societies Association

Central Electricity Generating Board
Centre for Environmental Technology

Chartered Institute of Public Finance and Accounting
Church Commissioners
Civic Trust
Cleveland County Council
Clyde Port Authority
Committee for Environmental Conservation
Confederation of British Industry
Confederation of British Industry (Northern Ireland)
Conservation Society Ltd.
COSIRA
Convention of Scottish Local Authorities

Council for British Archaeology
Council of Engineering Institutions
Council for Environmental Conservation
Council for the Protection of Rural England
Council for the Protection of Rural Wales
Council for National Parks
Council of Science and Technology Institutes
Country Land Agents and Valuers Association
Country Landowners Association
Countryside Commission
Countryside Commission for Scotland
Countryside Commission (Wales)
County Planning Officers Society

Development Board for Rural Wales
District Planning Officers Society

Edinburgh City Council
Electricity Council
Engineering Employers Federation
Engineering Managers Association

Farmers Union of Wales
Fauna and Flora Preservation Society
Federation of Civil Engineering Contractors

cc TF

Department of the Environment
2 Marsham Street London SW1

Telephone 01-212 3434

17 Nov. 1983

Dear Bernard,

I enclose selected background briefing for tomorrow's Statement. Detailed questions on the figures have been referred to us.

Yours sincerely

David

BACKGROUND NOTE

HOME IMPROVEMENT GRANTS

1. The Department of the Environment announced on 19 October that the special arrangements for home improvement grants would not be continued into 1984/85 (see copy of Press Notice enclosed).

2. Two separate initiatives were involved. The maximum rate for intermediate grants (for the installation of missing basic amenities - eg inside WC) and for repairs grants (for major repairs to pre-1919 houses) was increased to 90% for all applicants in April 1982. In announcing the increase, the then Chancellor of the Exchequer exphasised that it was a temporary measure.

3. In 1982/83 local authorities were offered additional resources to enable them to increase the number of grants they gave. For 1983/84, authorities were promised unlimited extra capital allocations if their spending exceeded an indicative figure for home improvement grants and they spent more than their overall housing capital allocation.

4. These measures have resulted in a rapid increase in grant spending. This was £90m in 1978/79 and under £200m in 1981/82 but rose to £430m in 1982/83 and is likely to reach £650m in 1983/84. Spending in 1984/85 will depend on the priority local authorities give to home improvement grants within the resources (including capital receipts) made available to them.

5. Following the announcement, Ministers have reiterated their commitment to housing improvement and repair - particularly in the light of the 1981 English House Condition Survey which showed that although the number of dwellings lacking basic amenities had continued to decline, there had been no significant change in the number of dwellings regarded as unfit for human habitation (which had remained at between 1.1 million and 1.2 million), and there had been a substantial increase in the number of properties needing major repairs.

DOE
of the Environment
London SW1P 3EB
Telephone 01-212 3434

Press Notice

439

19 October 1983

HOME IMPROVEMENT GRANTS

The Department of the Environment today told local authorities that the present special arrangements for home improvement grants would not be continued in the next financial year starting on 1 April 1984.

The Department's letter to local authority associations said:

"You will remember that special arrangments were made in 1982/83 and 1983/84 to increase the rates at which grants for installing basic amenities and for carrying out structural repairs were made. In addition, special capital allocations were made available to local authorities to support extra expenditure on grants at the higher rates.

"Local authorities will now be preparing their housing programmes for next year. They have already been informed that they can plan on the basis that Housing Investment Programme allocations in 1984/85 will be at least 80 per cent of the amounts notified in 1983/84 provided they can justify the need for this investment. The Government will announce its future expenditure plans later in the year; and HIP allocations will be made as soon as possible afterwards. Many local authorities have, however, asked for an early indication of likely arrangments for expenditure on Home Improvement Grants next year.

"The higher rates for intermediate and repairs grants which have been in force since April 1982, will not be extended to applications made after 31 March 1984. It is not envisaged that any special arrangements will be made for additional retrospective allocations to be available to local authorities for expenditure on improvement grants in 1984/85. Such expenditure will, however, continue to be regarded by Government as an important part of the housing programme, and will be taken fully into account in determining the allocations made to individual authorities. Careful consideration will also be given to requirements for expenditure on area based improvement projects, particularly enveloping schemes."

NOTE TO EDITORS

1. Special temporary arrangements for home improvement grants were first introduced in the March 1982 Budget and subsequently extended for 1983-84. Maximum grant rates for all intermediate grants (for the installation of missing basic amenities - eg an inside WC) and repairs grants (for substantial and structural repairs to pre-1919 housing) were raised to 90 per cent of eligible costs. Additional resources were made available to local authorities to enable them to increase their spending on home improvement grants.

2. The availability of 90 per cent grants was subsequently extended to all applications made before 1 April 1984. For the financial year 1983-84 the Government has given each local authority an 'indicative figure' for spending on home improvement grants. If an authority's actual spending on such grants in 1983-84 exceeds that indicative figure, and its total housing capital expenditure exceeds its Housing Investment Programme allocation, additional resources will be made available to that authority.

3. The Government's announcement does not affect those people who have already had intermediate or repairs grants approved. And any eligible application for an intermediate or repairs grant which is made before the end of March next year will continue to qualify for the higher rate of grant. After that time, the maximum grant rate for these grants will be 75 per cent, or 90 per cent for applicants who would not be able to pay for their share of the cost of the works without undue hardship.

Press Enquiries: 01-212 4672
Night Calls (6.30pm-8.00am)
Weekends and Holidays: 01-212 7071

Public Enquiries: 01-212 3434; ask for Public Enquiry Unit.

REGIONAL WATER AUTHORITIES

Q. What do the RWAs get?

A. External Financing Limits (ie expenditure over and above that met by charges and other internal finances) of

1984/85	1985/86	1986/87
£240m	£224m	£195m

which should support capital investment of

£677m	£723m	£774m

(These figures exclude land drainage financing and investment - MAFF deals with the resources for this).

Q. How does this compare with past years?

A. Real volume of investment in 1984-85 will be about the same as the last complete year, 1982-83, and will then rise by about 1% per year.

Q. Will this deal with collapsing sewers etc?

A. The Government accepts the importance of preserving this sort of infrastructure. Authorities are still carrying out the surveying and other work to establish how much needs to be done. This is a long term programme and we will seek to ensure that authorities are not constrained in carrying out necessary investment.

Q. What about water charges?

A. Charges for 1984/85 have not yet been settled. These are a matter for individual authorities; but it is expected that average charges increases will be broadly in line with RPI.

PUBLIC EXPENDITURE : AUTUMN STATEMENT : URBAN RESOURCES

URBAN BLOCK

Q1. Last year's White Paper included a figure of £450m for the Urban Block in 1984/85. This has been reduced to £425m. Which areas will suffer ?

A1. The figure in last year's White Paper represented an increase of 11% over 1983/84. This has been reduced to an increase of 5%. But that will still enable me to allocate Urban Development Corporations substantially more (£82m) than they were originally allocated this year (£67m); keep the Urban Programme the same in cash as this year (£348m); and leave Derelict Land only marginally less in cash (£74m in 1984/85 vs £75m in 1983/84).

Q2. How is the £425m broken down ?

A2. The arrangements for the new block give me freedom to move resources between the three components during the year so as to secure the most effective use of them. Initial split is £82m for the Urban Development Corporations, £74m for Derelict Land and the balance (£269m) for the Urban Programme. The rest of the Urban Programme comes from contributions by other Government Departments.

URBAN PROGRAMME

Q3. How will the Urban Programme resources be split ?

A3. Still considering the detailed split. I will be able to provide all the resources we judge necessary to fund good Urban Development Grant projects, and allocate Partnership and Programme Authorities the same in cash on average as this year, including bringing the newly promoted Programme Authorities up to the average.

FUTURE YEAR'S PROVISION

Q4. What is the provision for later years for the Urban Block ?

A4. The PES White Paper will show a level line in cost terms for the Urban Block in 1985/86 and 1986/87.

YED

HOUSE OF COMMONS

Mr Tony Favell (Con - Stockport):

To ask the Secretary of State for the Environment, whether he will give details of his public expenditure programme for 1984-85.

MR PATRICK JENKIN

My Rt Hon Friend, the Chancellor of the Exchequer has announced the main changes to the Government's public expenditure plans for 1984/85 and later years. The main changes affecting DOE programmes arise from the fact that local authorities in England have not held their current expenditure down to previous White Paper figures. Collectively their budgets for relevant current expenditure this year, 1983/84, indicate an overspend of £858M. We have accordingly had to increase the provision for their current spending in 1984/85 by some £500m above the level we had previously planned for that year. Even at that level the targets are very tough, and I have consulted local government on proposals for the other main elements of a rate support grant settlement designed to strengthen the pressures to meet these targets.

The failure to curb current spending has inevitably meant that with great reluctance we have had to look for economies on the capital side to stay within the Government's overall public expenditure objectives. However, although the figures for local authority capital spending in England have been reduced from those in last year's White Paper (Cmnd 8789) the gross amount actually available for capital spending in 1984/85 will still be close to this year's expected outturn. This has been made possibly largely because of the continuing success of the Government's right to buy legislation, which means that the forecast inflow of housing capital receipts in 1984/85 (mostly to local authorities) will be about £300M higher than previously estimated.

In order to help local authorities to make the best use of their capital allocations and to plan their spending more efficiently, the Government proposes to introduce a system of year end flexibility on the national cash limits relating to local authority capital expenditure. This will mean that where a cash limit is underspent in one year it will be possible to carry a proportion of the resources forward to the following year. For 1983/84 the maximum carry forward will be 2% of the net provision in 1983/84. This carry forward provision introduces a new principle into the management of local authority capital spending and the Government hopes to be able to increase the figure of 2% in later years in the light of experience gained and the circumstance then prevailing. For 1984/85 this new carry foward provision enables us to increase the total available for allocation for all local authority services in England, by some £60m, which can if necessary be added to the cash limits for 1984/85.

I propose to introduce two other changes which would assist local authorities to make better use of capital resources. First, I shall be maintaining at 50% the prescribed proportion of non-housing capital recepits, that is the proportion available to authorities to supplement allocations at their own discretion, but I propose to consult the local authority associations through the Housing Consultative Council about changing the prescribed proportion for most housing receipts from 50% to 40%.

As this year, I shall use the remaining proportion of the forecast national level of receipts to enhance basic allocations and the change on housing would provide increased scope for directing resources towards the areas of housing need. I would be prepared to consider making extra resources available in certain cases to authorities whose programmes relied on full use of receipts and have been adversely affected by the changes in proportion over the past two years: my department will be discussing details with the local authority associations.

I also propose to extend the arrangements introduced this year to give authorities assurances about the level of their allocations for later years. Subject to similar conditions to those which applied last year authorities may plan on the assumption that their allocations for Housing and the Other Services block for 1985/86 and 1986/87 will be at least 80% and 70% respectively or the 1984/85 figures, of which they will be notified shortly.

The Table at the end of this Answer shows how I am proposing to distribute the overall provision for DOE programmes together with the additional accounts to be carried forward for allocations to Local Authority Capital Programmes.

For housing, subject to the outcome of consultations with the local authority associations, the gross capital provision for 1984/85 together with the carry forward will be a little over this year's provision in cash terms. Because housing starts in the private sector are running 20% higher than in 1982, the overall level of housing activity should be well sustained by the public sector programme I am announcing. On home improvements, I see no reason why spending on grants should not match the 1982/83 outturn which was by far the highest level then achieved and double the amount spent in 1981/82.

For next year I shall be bringing the urban programme, derelict land reclamation and the urban development corporations within a single block for the first time. A single cash limit will be set for the capital elements of this, giving me greater freedom to switch resources from one service to another within the course of a year in order to put them to best use, subject to Parliamentary approval of the necessary Vote provision. Including the reinvestment or Urban Development Corporation receipts and the benefit of end-year flexibility, total expenditure permitted in the new urban block in 1984/85 will be £424m, which represents a small increase on the provision for 1983/84. Total expenditure for the Urban Programme alone (including contributions from other Departments) will be £348m - the same figure as last year.

The External Finance Limit for the English Water Authorities will be set at £266m for 1984/85. Within this provision it is expected that the real volume of capital investment should be maintained at about the same level as in 1982/83, and that average charges increases will be broadly in line with the RPI.

An extra £25m has been allocated to the PSA in 1984/85 mainly for the maintenance of the civil estate.

Totals may not add due to rounding

£million cash

	1983-84		1984-85	
	Cmnd 8789 Provision	Forecast Outturn (1)	Notional allocation of provision in Cmnd 8789	Revised Totals together with 2% carry forward
Total Local Authority Relevant Current Expenditure in England (covering all Departments' serivces)	19692	20550	19791	20345
DOE - HOUSING (Local Authorities, Housing Corporations and New Towns)				
Capital: Gross expenditure	3245	3460	3420	3274 (3)
Receipts	-1402	-1863	-1300	-1596
Net Capital expenditure	1843	1597	2120	1678 (3)
Current Expenditure (2)	949	1034	870	847
Programme total: Net capital plus current expenditure	2792	2631	2990	2525 (3)
DOE OTHER ENVIRONMENTAL SERVICES				
Local Environmental Services				
Capital: Gross Expend.	624	596	636	621 (4)
Receipts	-424	-358	-425	-425
Net Expend.	200	238	210	196 (4)
Local Environmental Services Current Expend. (5)	2202	2441	2250	2259
Urban & Derelict Land Block	405	406	450	424 (6)
Royal Parks, Ancient Monuments etc.	76	70	80	88
Central & Miscellaneous Services, Environmental Research (7)	113	116	120	120
Environmental Bodies Development Commission	80	79	83	89

Continued

	1983-84		1984-85	
	Cmnd 8789 Provision	Forecast Outturn (1)	Notional allocation of provision in Cmnd 8789	Revised Totals together with 2% carry forward
English Water Authorities External Finance limit	341	320	331	266
Water Research, Other Water Services	14	12	13	13
British Waterways Board - Grant-in-Aid	40	40	44	42
PSA: Office and General Accommodation (9)	-141	-141	-120	-91

Notes: See separate sheet

Notes:

(1) Based on budgets and first Quarter 1983-84 figures, where available.

(2) Subsidies and Rate Fund Contributions.

(3) Including carry-forward allowance of £29m.

(4) Including carry-forward allowance of £7m.

(5) Including costs of rate collection and of the births, marriages and deaths registration service.

(6) Including carry-forward allowance of £5m, and £7m receipts available for reinvestment.

(7) Excluding Ordnance Survey.

(8) Including DOE and MAFF components.

(9) Negative provision reflects the fact that Department's repayments to PSA for office accommodation at market rental values exceeds PSA's actual costs of Crown freeholds and long leaseholds at historic cost.

CONFIDENTIAL

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

1) Mr Tuttle to see AT 14/10
2). pa.

My ref:

Your ref:

13 October 1983

Dear Tim

HOME IMPROVEMENT GRANTS

You may wish to be aware that, in the light of the recent public expenditure discussions, my Secretary of State intends to announce on Monday that the special higher rates of grant and extra allocations which have been available to this year (for home improvement grants) will not be continued into next year.

I enclose a copy of my Secretary of State's letter to the Chief Secretary and a draft letter to the local authority associations which explains the position.

Yours sincerely

Roger Bright

ROGER BRIGHT
Private Secretary

Tim Flesher Esq
No10 Downing Street

CONFIDENTIAL

SECRETARY OF STATE FOR THE ENVIRONMENT

CONFIDENTIAL

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

13 October 1983

Dear Chief Secretary

HOME IMPROVEMENT GRANTS

We shall not be in a position to announce the outcome of the recent public expenditure discussions, so far as 1984/85 is concerned, and in particular to make allocations to local authorities, for some weeks yet. However, Ian Gow and I are particularly concerned to give early advice to authorities and those concerned about the prospects for improvement grant spending.

This has been a major and successful initiative over the last two years, on which we are now having to change gear. The special higher grant rates and extra allocations which have been available to this year cannot be continued given the provision agreed for next year.

It is essential that we warn authorities of this now, to give a clear signal that a change of course is coming, and to avoid the accusation of bad faith to which we would be open if we delayed.

I intend to do this by means of the attached Departmental letter to the Local Authority Associations and an associated Press Notice.

Yours sincerely

P.P.

PATRICK JENKIN
(approved by the Secretary of State and signed in his absence)

CONFIDENTIAL

The Rt Hon Peter Rees QC MP

DRAFT OFFICIAL LETTER TO THE LOCAL AUTHORITY ASSOCIATIONS

HOME IMPROVEMENT GRANTS

You will remember that special arrangements were made in 1982/83 and 1983/84 to increase the rates at which grants for installing basic amenities and for carrying out structural repairs were made. In addition, special capital allocations were made available to local authorities to support extra expenditure on grants at the higher rates.

Local authorities will now be preparing their housing programmes for next year. They have already been informed that they can plan on the basis that Housing Investment Programme allocations in 1984/85 will be at least 80 per cent of the amounts notified in 1983/84. The Government will announce its future expenditure plans later in the year; and HIP allocations will be made as soon as possible afterwards. Many local authorities have, however, asked for an early indication of likely arrangements for expenditure on Home Improvement Grants next year.

The higher rates for intermediate and repairs grants which have been in force since April 1982 will not be extended to applications made after 31 March 1984. It is not envisaged that any special arrangements will be made for additional retrospective allocations to be available to local authorities for expenditure on improvement grants in 1984/85. Such expenditure will, however, continue to be regarded by Government as an important part of the housing programme, and will be taken fully into account in determining the allocations made to individual authorities. Careful consideration will also be given to requirements for expenditure on area based improvement projects, particularly enveloping schemes.

PRIME MINISTER

H Committee: Housing and Building Control Bill

H Committee discussed the paper by the Environment Secretary proposing further extensions to the right to buy. The Committee agreed that the qualification period should be reduced from three to two years but did not agree that the maximum discount should be raised to 70%. They wanted further discussions on the proposal that time spent in other public sector accommodation should count towards the right to buy. Finally, they did not think that the Government should table an amendment to introduce a right to buy for tenants of charitable housing associations but need not oppose an attempt by backbenchers to do so.

6 July 1983

A

FROM THE PRIVATE SECRETARY TO THE LEADER OF THE HOUSE
AND THE CHIEF WHIP

MR RICKETT

GOVERNMENT DEFEATS IN THE LORDS ON 26 APRIL 1983

1. On Tuesday 26 April 1983, the Government were defeated twice in the course of the first day of the Committee Stage of the Housing and Building Control Bill in the House of Lords.

2. The first defeat was on the question that Clause 2 Standpart of the Bill. The division came at 6.05 pm, and the Government were defeated by 182 votes to 96.

The second defeat was on an amendment in the name of Baroness Seear (Liberal) to insert a new Clause giving protection to "elderly orphans". An "elderly orphan" means someone who continues to live in the parental home to look after elderly and infirm parents, and who on the death of those parents has no right to possession, not having been the nominal tenant. The Government were defeated on a division which took place at 6.50 pm by 101 votes to 95.

In the only other division of the day, on a Government amendment increasing the maximum discount available to tenants under the "right to buy", the Government had a majority of 25 (69 - 44).

3. Clause 2 of the Housing and Building Control Bill extended to tenants of charitable housing associations the "right to buy" conferred by the Housing Act 1980 on other public-sector tenants. The extension applied only where the property in question had been built with Housing Association Grant. It has been known for a long time that this Clause gave rise to serious reservations among many of the Government supporters in the House of Lords. Their basic objection is that the charitable housing associations in question accepted Housing Association Grant without any idea that they might subsequently have to sell the properties that were built with it. Clause 2 was thus retrospective in nature and liable to disrupt the work of charitable housing associations, some of which (notably the Guinness and Peabody Trusts) had connections with members of the House.

4. All possible steps were taken to explain the Government's case to wavering supporters. Mr John Stanley addressed the weekly meeting of backbench Conservative peers. Briefs and Notes on Clauses were made available, and peers were encouraged to study them. A special meeting with Mr Tom King, Mr John Stanley and Lord Bellwin was arranged for certain influential Conservative peers, with a view to explaining fully the Government's case.

As regards whipping, special steps were taken to ensure that all Lords Ministers took part in the division and they did so. In addition, all Conservative peers created since the beginning of 1981 were contacted and asked specially to attend. The strongest form of two-line whip was issued, and the whips worked hard behind the scenes in the days leading up to the vote to ensure a maximum turn out.

FROM THE PRIVATE SECRETARY TO THE LEADER OF THE HOUSE
AND THE CHIEF WHIP

5. In the event, 36 Conservative peers voted against the Government. The full break-down was as follows:

For the Government:	Conservative	94
	Crossbench	2
		96
Against the Government:	Conservative	36
	Labour	65
	Liberal	25
	Social Democrat	15
	Crossbench	41
		182

6. The defeat in the second division was due less to rebellion by Conservative peers (of whom only 5 voted against the Government) than to the failure of Conservative peers who had voted in the first division to stay for the second. Thus 12 of the Conservative rebels in the first division did not stay for the second, and 29 Conservative peers who supported the Government in the first division did not do so. This may have been in part attributable to the fact that, having been pressed in the strongest terms to be present for the first division, peers failed to appreciate the importance of staying thereafter.

7. Finally, it must be said that all the Opposition parties mustered their supporters very strongly indeed. Deliberate abstention by some Government supporters who felt unable to support the Government must also have contributed to the size of the majority. Thus it is not true that simply by bringing out more supporters it would have been possible to win the division: many, if not most, of the Conservative peers who did not take part in the division would have voted against the Government had they been pressed.

DRB -

D R BEAMISH
27 April 1983

PRIME MINISTER

4

H COMMITTEE: PLANNING POLICIES FOR SECOND HOMES

H Committee (minutes attached) discussed the dispute over planning policies on second homes between the Secretaries of State for the Environment and for Wales. Mr. King wanted to allow the Lake District Special Planning Board to impose restrictions on new homes which would limit their ownership to those already resident or working there for an experimental period. Mr. Edwards was against this, principally because it would have severe political repercussions in Wales. Other members of the Committee thought that the restrictions proposed by the Lake District were an illegitimate use of planning powers.

The majority view of the Committee was that the Government should not approve the scheme which will probably cause a local fuss in the Lake District.

TF.

14 April 1983

CCN/0

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

13 April 1983

Dear Home Secretary

13/4

In your letter of 30 March reporting that QL did not agree the inclusion of my proposed Housing Bill in the reserve list, you also said that the committee hoped that it would not be necessary to legislate in 1983/4 to cover the extension to other house types of the scheme of financial assistance now available to owners of Airey Houses.

However, it is in my view essential to plan for a Bill to deal with the very serious problems of defective system-built housing which we now face.

Our policies to extend home ownership have been notably successful, with an additional 1 million homes in owner occupation since we came to office, and we shall want to build on this success in the next Parliament. But our position will be seriously eroded if we are seen to turn a blind eye to the plight of the thousands of people who have bought system-built council houses with inherent structural defects and which are now greatly reduced in value and unmortgageable. There is already considerable Parliamentary concern, on both sides, about their plight. Public concern and media interest is certain to grow as more evidence of defects becomes available, as it will when we public next month the findings of a technical assessment by the Building Research Establishment.

I shall therefore be seeking H Committee's approval shortly for a statutory scheme of financial assistance to private owners of defective system-built houses. The Chief Secretary has been anxious to avoid a continuation of the ex-gratia payments involved in the present scheme of assistance for Airey House owners; and I believe that a statutory scheme, imposing an obligation on local authorities to repurchase or make repairs grants, will in any case be necessary if we are not to run an increasing risk of non-co-operation by a small number of authorities who may be opposed to Right to Buy or resent the lack of similar assistance to deal with council-owned houses. Other than on this latter point (which we can meet through HIP allocations and, where appropriate, housing subsidy) the legislation would not be controversial: the Airey House scheme of assistance itself was welcomed on all sides of the House.

I am copying this to the Prime Minister, members of the Cabinet and members of QL who are not in the Cabinet.

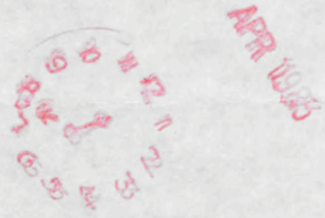
Yours sincerely

Helen Ghosh

TOM KING
(approved by the Secretary of State and signed in his absence).

Rt Hon William Whitelaw CH MC MP

HOUSING
Policy Pt 4



PRIME MINISTER

Planning policies on Second Homes

This issue will be discussed at H shortly on the basis of the attached paper by the Secretary of State for the Environment. The Lake District Special Planning Board wish to limit the occupation of new dwellings to people who work locally. The Secretary of State for the Environment is willing to allow such a policy for a trial period. The Welsh Secretary, however, wants it forbidden altogether, since he is under pressure for similar controls from his own local authorities.

While not a major decision in itself this could well be a live issue in the coming months in a number of rural areas where there are many second homes. Both the Chief Whip and the Home Secretary of course have constituency interests.

30 March 1983

14

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref: K/PSO/11306/83

Your ref:

10 March 1983

Mr McDonald

CCPS/Lord Belstead
PS/Mr Stanley
PS/Perm Sec.
PS/Mr Heseltine
PS/Mr Alfred
Mr Delafons
Mr Kerr
Mr Emsell
Dr Holdgate
Mr Michael
Mr Lucas
Mr Brown
Mr Guinea
Mr Rundle

Dear Home Secretary

Thank you for your letter of 2 March setting out the views of QL Committee on the Departmental bids for the 1983-84 Legislative Programme. I should like to accept your invitation to attend the meeting on 14 March.

Without knowledge of the other programme Bills you are recommending for inclusion in List B it is difficult to give more than a provisional view. I anticipate that I shall be in a position to give a firmer comment at the meeting.

In the meantime I note what you say about the Somerset House (Management) Powers Bill and the New Towns (Money) Bill. On the latter I accept that if there is to be a short pre-election session then the Bill must be restricted to a financial clause only. If there is to be a normal post election session then I consider it essential for the Bill to include the provisions to wind up the New Towns Commission and to achieve an effective means of transferring housing and community-related assets from new town corporations to the local councils. Without these powers we are unable to wind up the Commission or any New Town Corporation, some of whose dissolution dates have already been announced for 1984 and 1985.

I should also like to put up a marker that it is highly probable that legislation will be needed to give cover to the extension of the scheme to deal with defects in Airey Houses (or varients of it) to other house types. You are aware of current discussions in H Committee and of John Stanley's recent statement to the House (8 February). The Chief Secretary is anxious that we do not continue making ex gratia payments.

I think it might be helpful if I explain at the meeting the probable position on the scope and timing of the local government legislation. I should like, as a minimum and without prejudice to my final views on the List B, to suggest that at least one DOE Bill should be held in reserve pending final decisions on

local government legislation. On the basis of current priorities this would be a medium sized Housing Bill extending the system of assured tenancies and simplifying the improvement grants system (B4 of our original bid).

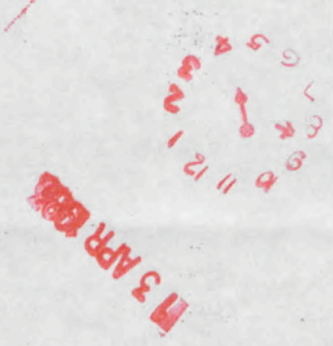
I am copying this to the Members of QL, and to First Parliamentary Counsel and Sir Robert Armstrong.

Yours sincerely

R B Bennett

P.P. TCM KING

(dictated by the Secretary of State and signed in his absence).



The Rt Hon William Whitelaw CH MC MP

2F

CONFIDENTIAL

Housing 2

QUEEN ANNE'S GATE LONDON SWIH 9AT

27 February 1983

Dear John,

HOUSING AND BUILDING CONTROL BILL

Thank you for your letter of 22 February in which you seek H Committee's approval for an amendment to the Housing and Building Control Bill to extend the right to buy discount scheme.

Now that the Family Policy Group has identified this way of maintaining the impetus of our right to buy policy we ought to find a way of making the amendment. I understand that it would cause great difficulties for the business managers in the House of Commons if, now that we have had a guillotine, you were to table the amendment on Report. It would be preferable for it to be made in the House of Lords, and I would be grateful if you could consult Janet Young about that.

As to which of the two forms of discount scheme you describe should be adopted, I note that you favour raising the maximum discount to 60% and I think the Committee can leave this matter of detail to you, though no doubt you will first ensure that Leon Brittan is content.

I am sending copies of this letter to members of H Committee, to First Parliamentary Counsel and to Sir Robert Armstrong.

Yours,

Leon

John Stanley, Esq, MP

CONFIDENTIAL

Housing pt 4
Policy

Top copy filed on Education: Policy on Education Pt 3. 4

PRIME MINISTER

H Committee

H Committee discussed two major subjects at its meeting on 31 January.

1. Specific grants for education

You will recall seeing the Education Secretary's paper proposing a new block grant amounting to perhaps 0.5% of overall education expenditure to enable him better to influence local authorities' spending decisions. H Committee approved these proposals in principle subject to negotiations about the level of the grant and the rate at which it should be paid to local authorities. Subject to those negotiations the Committee authorised the Secretary of State to begin preparations for the necessary legislation. As you pointed out in response to the previous paper however, all this is secondary to the resolution of the rates question. The timescale envisaged would mean however that Sir Keith's proposals could not be implemented for some considerable time.

2. Housing and Building Control Bill

You have seen Mr. King's paper proposing amendments to the Bill which were resisted by the business managers at H. I have passed on your views that the "right to repair" and the proposed powers against onerous restrictive ~~conventions~~ covenants should be incorporated in the Bill.

2 February 1983

HL

HOUSING

7 February 1983

The Prime Minister has now seen the Home Secretary's minute of 4 February about the Housing and Building Control Bill. She is pleased that the business managers have been able to agree with Mr. Stanley on the handling of the Bill.

TIM FLESHER

Colin Walters, Esq.,
Home Office.

SPC

CONFIDENTIAL

Pre Minister:
The business managers have met your wishes: see X and Y below

PRIME MINISTER

HOUSING AND BUILDING CONTROL BILL

Following the meeting of H Committee on 31 January, I held a meeting on 3 February with the business managers and the Minister for Housing and Construction. We considered further which of the eight proposals listed in H(83)4 by the Secretaries of State for the Environment and Wales could be fitted in as Government amendments to the Housing and Building Control Bill. We had before us your Private Secretary's letter of 2 February. This minute reports the outcome of the meeting.

The Bill has reached Committee Stage in the House of Commons. It is making slow progress and it will probably be necessary to move a timetable motion in the next week or two. The business managers would face great difficulties if all the eight proposals were to be added to the Bill, particularly after a guillotine had been introduced, and we have agreed that those on council tenants' right to exchange and on public service tenancies should be dropped. The proposal that tenants of buildings with special facilities for the disabled should have a right to buy has also been dropped. The arguments in favour of the policy are strong but it would undoubtedly take up a great deal of time in the House of Lords, where it would open up a whole new area of debate.

X Clauses to give public sector tenants a right to repair and to make the proposed technical change on mortgages will be added to the Bill. The Opposition have already tabled New Clauses on these points, but they are defective and we shall have to table New Clauses of our own. We also agreed that

Y the Bill should be amended to give the Secretaries of State power to order councils not to impose onerous restrictive covenants and to start legal proceedings on behalf of tenants in appropriate cases; John Stanley was asked to ensure that these amendments are in a form which is acceptable to the Lord Chancellor and the Attorney General.

The amendments which we agreed should be made present some difficulties of timing for the business managers. They will probably have to be tabled, or at least announced, before a timetable motion is moved. John Stanley will consult further with the Lord President and the Chief Whip about the timing.

We agreed that no Government amendment should be tabled to give public sector tenants the right to information about district heating costs. It is likely that George Cunningham will put down an amendment on Report to do this, and that he will attract support not only from the Labour Party and the Alliance but also from some of our own London backbenchers. So we agreed that a Government amendment should be drafted now on a contingency basis in case George Cunningham's amendment is called.

I am sending copies of this minute to members of H Committee, the Attorney General and John Stanley, and to Sir Robert Armstrong.

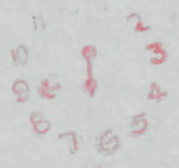
WW

CONFIDENTIAL

4 February 1983

Hearing:

Bldg Pt 4



BOX

DEPARTMENT OF THE ENVIRONMENT

Personal

MINISTER FOR HOUSING AND
CONSTRUCTION

February 3rd 1983.

Dear Prime Minister,

This is just a personal note to thank you very much indeed for your letter in support of some of my Housing Bill amendments. I have now got the ones you wanted!

Yours ever.

John.

Prime Minister:
The H paper referring to these proposals is attached. Mr Stanley is to meet the business managers on Thursday to discuss the position. Do you agree with Mr Mount's proposal at X?

HOUSING

1

1 February 1983

PRIME MINISTER

THE RIGHT TO REPAIR AND THE RIGHT TO BUY

1/2

Yes

At a meeting of H Committee last night, John Stanley produced a series of proposed amendments to the Housing and Building Control Bill. These received an extremely unfriendly response from Michael Jopling and John Biffen, who said that the Bill was already quite long enough without adding another dozen clauses. Business managers in the Lords were equally unfriendly, since the amendments would be exhaustively debated there if the Bill were guillotined in the Commons.

The proposals were remitted for negotiation between the business managers and John Stanley. He is fearful of being outgunned unless you step in.

Of the 8 proposals, all are desirable and all but one are likely to be the subject of amendments from the Opposition or from our own back-benchers. Two, I think, are particularly important and would do us considerable damage if dropped.

1. The Right to Repair. Labour have already tabled a new clause to give public and private sector tenants a right to repair. The SDP are similarly committed. If we vote down the Labour clause, we cannot plausibly promise to do better in the next Parliament - and we shall undo much of the good done by the tenants' charter.

2. Onerous Restrictive Covenants. As a result of the Norwich case, artificial delay by hostile authorities is much less of a serious obstruction to the right to buy. But the imposition of absurdly restrictive covenents is deterring many would-be buyers - and has left some who have already bought with properties which would be difficult to sell.

This is our last chance in this Parliament to follow up our great success in pushing through the right to buy. The chances are that if we miss this opportunity, there would be a considerable gap which would enable hostile authorities to reduce still further the effectiveness of the Right to Buy. We suggest that you might let the Home Secretary know of your concern that these two provisions at least should be added to the Bill.

X

FERDINAND MOUNT

fm

MFJ Housing

31 January 1983

This is just to record that the Prime Minister has seen and noted your letter of 24 January about the new shared-ownership scheme which Mr. Stanley has announced.

TIM FLESHER

Mrs. P. Szmigin
Department of the Environment

PRIME MINISTER

4

H Committee: Housing Bill

The attached H paper by the Secretaries of State for the Environment and Wales propose a number of amendments to the Housing and Building Control Bill. These include additions to the Tenants Charter and modifications to the right to buy.

Tenants Charter

1. The paper proposes a "Right to Repair Scheme" for public sector tenants which would give such tenants the right in certain circumstances to carry out repairs, some of the cost of which will be met by the local authority.

2. It proposes a right to exchange under which local authorities cannot unreasonably refuse to give tenants their consent to exchanges.

3. The paper proposes the right to information on district heating costs.

Right to Buy

The paper proposes:-

1. That time spent in public service tenancies should count towards discount entitlement.

2. That the exclusion of accommodation for the disabled from the right to buy should be limited to purpose-built and sheltered accommodation. The effect of this is that tenants who adapt their accommodation can now buy it.

3. A power to set aside the kind of unreasonable restrictive covenants imposed on tenants by councils opposed to the right to buy.

4. A power for the Secretary of State to initiate action

/ against

against councils unreasonably refusing a right to buy on the tenants behalf.

5. Modifications to the mortgage arrangements.

26 January, 1983.

2

DEPARTMENT OF THE ENVIRONMENT
2 MARSHAM STREET
LONDON SW1P 3EB
01-212 7601

MINISTER FOR HOUSING AND CONSTRUCTION

Prime Minister

24/1

Willie Rickett Esq
PS/Prime Minister
No 10 Downing Street

24 January 1983

Dear Willie

Mr Stanley thought that the Prime Minister might find it helpful to have the attached details of a new shared-ownership scheme that he has launched today called 'Do-it-Yourself Shared-ownership' (DIYSO).

What the scheme will do is to ensure that job-movers and first-time buyers moving to any part of England will have the opportunity of arranging a shared-ownership purchase for themselves of either a new or second-hand house or flat. A housing association has been designated for every area in England to hold the balance of the equity in the homes bought under this scheme. Mr Stanley feels that the DIYSO scheme represents a positive and practical response by the Government to the problems of those who find it difficult or impossible to move to where new jobs are being created.

Welsh Ministers will be launching a similar scheme in Wales.

Yours sincerely

Pamela Szmigin

MRS P SZMIGIN
Private Secretary

DOE Department of the Environment

2 Marsham Street
London SW1P 3EB
Telephone 01-212 3434

Press Notice 21

24 January 1983

HOUSING MINISTER ANNOUNCES NEW SHARED OWNERSHIP SCHEME

A new 'Do-it-Yourself' shared ownership scheme (DIYSO) was launched today which will enable job movers, tenants of local authorities or housing associations, people on their waiting lists or other first time buyers to select their own properties for purchase on a shared ownership basis.

Launching the scheme John Stanley, Minister for Housing and Construction, made the following statement today:

"The 'Do-it-Yourself Shared Ownership (DIYSO) Scheme' will for the first time give people who need to move, and who can't quickly obtain rented accommodation in the area concerned, the opportunity of creating the possibility of a shared ownership purchase for themselves.

"Up to now, someone in this position has been entirely dependent on whether there happens to be a local authority, new town, or housing association doing a shared ownership scheme in the area to which they want to move. Though shared ownership is steadily expanding, there are still many areas where at any moment there are few, if any opportunities for shared ownership available.

"The new scheme ensures that in every part of the country there will now be the option of a shared ownership purchase with the additional flexibility that the schemes extend to second hand as well as new homes below the maximum price limits which have been set for each region. The balance of the equity not purchased initially by the shared owner will be held by a designated housing association, one of which will be designated for every area of England for this purpose.

"The funding of the scheme will be for 1982-83 from the increase in the Housing Corporation's cash limit by £150m announced on 18 November and for 1983-4 from the Housing Corporation's Approved Development Programme announced on 22 December 1982 The funding is based on an initial programme of some 3,000 dwellings to be purchased. I am sure that the DIYSO scheme will make an important contribution both to helping mobility and to widening home ownership opportunities".

NOTE TO EDITORS

DIYSO is a variant of the shared ownership schemes initiated by the Government in the Housing Act 1980 and taken up enthusiastically by a number of housing associations in recent years. To be eligible for the scheme, applicants will have to show that they have insufficient income to obtain a mortgage for outright purchase

of a property and that at least one of the following applies: they are moving to a new area to take up employment; they are tenants of a housing association, local authority or other public body (or on a waiting list to become one), or are first time buyers - for example a young couple living at home with parents.

Applicants need to establish their eligibility with the housing association designated to run this scheme in the area to which they want to move. They may choose a new or a sound secondhand house or flat within a specified price limit. The limit is £40,000 in Greater London, £35,000 in the home counties and £30,000 elsewhere. They need to obtain a mortgage offer from a building society or bank for the share (at least 25%) that they wish to purchase. The housing association then buys the property and simultaneously resells a shared ownership lease to the purchasers. Shared owners may increase their share of the property by subsequent purchases ("staircasing") as in other shared ownership schemes until they have achieved 100% home ownership.

Further details of DIYSO can be obtained from regional office of the Housing Corporation (addresses attached) or from the Corporation's headquarters at 149 Tottenham Court Road, London W1P OBN.

Press Enquiries: 01-212 3492/6; or
Ian Brown, Housing Association
Press Office: 387 9466
Night Calls (6.30pm-8.00am)
Weekends and Holidays: 01-212 7071

Public Enquiries: 01-212 3434; ask for Public Enquiry Unit

HOUSING CORPORATION OFFICES
in
ENGLAND and WALES

Head Office:	149 Tottenham Court Road London W1P 0BN 01-387 9466
Regional Offices and the areas they cover:	
London and Home Counties (North) Bedfordshire, Buckinghamshire, Essex, Hertfordshire, City of London and all London Boroughs north of the Thames	Waverley House 7-12 Noel Street London W1V 3PD 01-434 2161
London and Home Counties (South) Kent, Surrey, E. Sussex, W. Sussex and all London Boroughs south of the Thames including the London Borough of Richmond	Pembroke House Wellesley Road Croydon Surrey CR9 2BR 01-681 3771
West Avon, Berkshire, Cornwall, Devon, Dorset, Gloucestershire, Oxfordshire, Hampshire, Isle of Wight, Somerset, Wiltshire	35a Guildhall Centre Exeter EX4 3HL 0392 - 51052/4
West Midlands Hereford and Worcester, Salop, Staffordshire, Warwickshire, West Midlands	Norwich Union House Waterloo Road Wolverhampton WV1 4BP 0902 - 24654
East Midlands Derbyshire, Leicestershire, Cambridgeshire, Lincolnshire, Norfolk, Northamptonshire, Nottinghamshire, Suffolk	Phoenix House 16 New Walk Leicester LE1 6TF 0533 - 546762
North East Cleveland, Durham, Humberside, Northumberland, Tyne and Wear, Yorkshire	St. Pauls House 23 Park Square South Leeds LS1 2ND 0532 - 46960
North West Cheshire, Cumbria, Lancashire, Greater Manchester	Elisabeth House 16 St Peter's Square Manchester M2 3DF 061 - 228 2951
Merseyside Merseyside	6th Floor Corn Exchange Building Fenwick Street Liverpool L2 7RD 051 - 236 0406
Wales	24 Cathedral Road Cardiff CF1 9LJ 0222 - 384611

The Housing Corporation

Do-it-Yourself Shared Ownership

WHAT IS DO-IT-YOURSELF SHARED OWNERSHIP?

Do-it-Yourself Shared Ownership, DIYSO for short, is a scheme whereby you can look for a suitable house or flat to purchase on a shared ownership basis, which means that you buy it in stages by purchasing a share of the property and renting the remainder from a housing association. The housing association must be nominated to operate DIYSO in the area in which you wish to buy a home.

HOW DOES SHARED OWNERSHIP WORK?

Depending on your savings and the amount of mortgage you can repay, you may purchase a quarter, a half, or three quarters of the value of the property on a long lease (usually 99 years). Many people find that they can afford to buy a half share from the outset.

If you choose to buy a quarter you will pay rent on the remaining three quarters to the housing association which sold the house to you. Any time you wish you can increase your mortgage and buy another quarter, which means that you will own half and your rent will decrease correspondingly. So you can continue until you own the whole house. There is no obligation on you to increase your share at any time.

The following example illustrates the costs per week involved in shared ownership, compared with full owner occupation and renting. The example assumes that the value of the property would be £20,000, the Fair Rent for the property would be £18 per week, and the mortgage required would be a 25 year repayment mortgage at an interest rate of 10%.

Renting	Shared Ownership (mortgage + rent)			Owner Occupation
	25%	50%	75%	
£18.00	£20.79	£26.29	£31.77	£37.27

CAN YOU APPLY FOR DIYSO?

The housing association will consider an application from you if:

(a) you have an income which does not qualify for a mortgage for the home you require. As a general rule your income should be at or below the average level of incomes in the area in which you wish to buy.

(b) you are :

(i) moving to a new area to take up employment, particularly where the move is to an area of high housing cost. Job movers will be given priority.

(ii) currently a tenant or on the waiting list of a housing association, local authority, or other public authority.

(iii) a first time buyer.

The housing association will also take into account all other relevant circumstances before reaching a decision.

WHAT PROPERTY CAN YOU BUY?

You can buy:

(a) new property which must have a National House-Builders Council guarantee otherwise the housing association cannot purchase on your behalf.

or

(b) older property of a satisfactory standard on which a building society will advance you a mortgage. A survey must be carried out before you purchase to ensure that the property is structurally sound, in a state of good repair, and has all the basic amenities.

The housing association will consider whether the property is appropriate to your needs and whether there is other property in the area which may be more suitable for you.

ARE THERE PRICE LIMITS?

The full purchase price must not exceed:

£40,000 in the Greater London area
£35,000 in the Home Counties
£30,000 in the rest of the country

The purchase price must not exceed the valuation placed on the property by the building society providing the mortgage.

WHAT ABOUT A MORTGAGE?

Generally you will be expected to arrange your own mortgage through a building society or bank, although some housing associations do have arrangements with building societies for shared ownership schemes. The building society or bank will need to be sure that you can pay the mortgage and the rent, some also require a deposit of up to 10% of the value of the share you wish to purchase.

WHERE CAN YOU FIND OUT MORE?

If you want to find out more about this way to buy a new home, you should contact the Regional Office of the Housing Corporation which covers the area in which you would like to buy. The addresses of the Regional Offices are attached. The Regional Offices can also provide a booklet entitled "Have You Heard About Shared Ownership?" which will give you greater detail, and they can put you in touch with the housing association operating in the area in which you are interested.

The Housing Corporation Regional Offices

E[redacted] Midlands Phoenix House 16 New Walk Leicester LE1 6TF Tel 0533-546762	Cambridgeshire, Derbyshire, Leicestershire, Lincolnshire, Norfolk, Northamptonshire Nottinghamshire, Suffolk
London and Home Counties (North) Waverley House 7-12 Noel Street London WIV 3PB Tel 01-434 2161	Bedfordshire, Buckinghamshire, Essex, Hertfordshire,City of London and London boroughs north of the Thames (excluding the London Borough of Richmond)
London & Home Counties (South) Pembroke House Wellesley Road Croydon Surrey CR9 2BR Tel 01-681 3771	Kent, Surrey, East Sussex, West Sussex, London Borough of Richmond and all London boroughs south of the Thames
Merseyside 6th Floor Corn Exchange Buildings Fenwick Street Liverpool L2 7RD Tel 051 236 0406	Merseyside and West Lancashire, Warrington, Halton, Ellesmere Port and Neston District Councils
North East St Pauls House 23 Park Square South Leeds LS1 2ND Tel 0532 469601	Cleveland, Durham, Humberside, Northumberland Tyne and Wear, Yorkshire
North West Elisabeth House 16 St Peters Square Manchester M2 3DF Tel 061-228 2951	Cheshire, Cumbria, Greater Manchester, Lancashire
Wales 24 Cathedral Road Cardiff CF1 9LJ Tel 0222-384611	Wales
West 35a Guildhall Centre Exeter EX4 3HL Tel 0392 51052/4	Avon, Berkshire, Cornwall, Devon, Dorset, Gloucestershire, Hampshire, Isle of Wight, Oxfordshire, Somerset, Wiltshire
West Midlands Norwich Union House Waterloo Road Wolverhampton WV1 4BP Tel 0902-24654	Hereford and Worcester, Salop, Staffordshire, Warwickshire, West Midlands

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Headquarters
Housing Corporation
149 Tottenham Court Road
London WIP OBN
Tel 01 387 9466

The Housing Corporation is the government body which finances, controls and supervises registered housing associations. There are some 3,000 housing associations in England, Scotland and Wales which provide homes for sale and to rent.

Housing Act '80

Have you heard about Shared Ownership?

Introduction

There are two main choices in the way in which you can be housed. You can be an owner-occupier and, when you want to move, you can sell your home at its new value. Alternatively you can be the tenant of a local authority, a housing association or a private landlord and pay a rent, in which case you cannot benefit from any increase in the value of your home and the landlord remains the owner.

However, some people would like to own their own home and could afford to pay more than their existing rent, but they still cannot afford to buy outright, either because they cannot meet the full mortgage repayments or because they cannot raise the necessary deposit — or both. This problem has been recognised for some time and various forms of shared ownership schemes have been pioneered successfully by housing associations and local authorities. However, because these forms did not allow occupiers to own the whole of the property, the Government, through the Housing Act 1980, now wishes to encourage a new form of shared ownership which allows occupiers both to increase the share they own and purchase outright. This is called "Stair-casing".

Some housing associations are now offering properties on this basis. Your local Citizens Advice Bureau or Housing Aid Centre should know the names of associations in your area.

What is shared ownership?

You can buy your home by way of a long lease (usually 99 years) but only pay for a quarter or half or three-quarters of its value at the outset, depending on your savings and the amount of mortgage you can repay. If you choose to buy a quarter you will pay rent on the remaining three-quarters to the housing association which sold to you. At a later date (there is no time limit), you can if you wish, increase your mortgage and buy another quarter which will mean that you will own half and the association's stake is reduced to half. Your rent at that point decreases correspondingly. Similarly you can then buy a third quarter and ultimately the whole property, though you don't have to if you don't want to. If you live in a house you will then be able to acquire the freehold.

While you are buying your home you would start paying much less than the mortgage repayments that a full owner-occupier would pay; and in addition a rent that is less than the full rent which is payable as an ordinary housing association tenant (i.e. 75%, 50% or 25% of the equivalent rent, less any service element). Your outgoings would be less than if you bought the whole property but more than for renting.

However even though you only have to pay part of the cost of the property you will legally be the owner of your home.

Who is shared ownership for?

This is a particularly appropriate way of taking steps towards full owner-occupation for young people with the hope and expectation that in future years their income will rise. There are no hard and fast rules concerning who is eligible and there is no "points" system. However, each association will have its own ideas concerning who should be eligible for their schemes and generally will favour people who are unable to find a home by any other means.

What do I do to get one of these homes?

First you will have to fill in an application form which will be provided by a housing association which is undertaking shared ownership. If you are successful in your application you will be invited to view the available property and will be told the purchase price valued by the District Valuer. If you decide to buy you should then arrange the finance of the purchase.

How do I get a mortgage?

Depending on any savings you have you may need to borrow the whole or part of the cost from a building society or a bank. If you already save with a building society it would be well worth approaching them first. If not, you should start saving with one now (and, if you have not already taken advantage of it, ask them for the leaflet on the Government scheme of Special Help to First Time Buyers). It is possible that the housing association may be able to arrange a mortgage for you.

If your building society would like a copy of the proposed lease let the association know and one will be forwarded to them.

If a building society offers you a mortgage you will need to decide whether to choose an option mortgage subsidy equivalent to tax relief. If you pay little income tax a mortgage with option mortgage subsidy will usually be the better choice.

Once a building society has formally offered to advance you a mortgage or after they have indicated that such an offer will be forthcoming, you should let the association have the name and address of your solicitor. They will then let your solicitor have the draft lease. After your solicitor has advised you on this and your building society has made a formal offer of a loan, the sale can be formally completed and the house or flat will be yours.

When you approach a solicitor or a building society you may find it useful to take along this leaflet. If you do not know a solicitor, lists are available at your local Citizens Advice Bureau.

Do I sign a lease?

Yes. The shared ownership lease entitles you to live in your home for a specified period or term. For the first owner this is 99 years. It also specifies

the method of calculating the rent and service charge (if any) you have to pay monthly, quarterly or annually and lays down the things you and the association can and cannot do.

Can I share the ownership of the lease with someone else?

Up to four people can become joint owners. We would suggest you take advice from your solicitor on this point.

How much will I have to pay at the outset?

Stamp duty — when you buy the lease you may have to pay stamp duty on it. The association will be able to give you some idea on how much this will be when you choose your new home.

Other costs — you will have to pay your own solicitor to advise you and to approve the lease on your behalf and, following completion of the lease, to have it stamped and registered (if appropriate) at HM Land Registry. Your solicitors will charge you for the fee payable to the Land Registry and to a local authority to make a Local Authority Search. You should ask him for an estimate. If you need a mortgage from a building society you will have to pay for their valuation of the property and the legal fees relating to the mortgage. Your building society should be able to estimate how much this will be.

Mortgage — you will have to pay off your mortgage by regular payments to the building society. The actual amount that you will have to pay, of course, depends on the amount that you borrow and will vary from time to time if interest rates change.

Rent — you will pay a rent each month to the association based on the "fair rent" which will be assessed by the Rent Officer. The rent will take into account the fact that you are the owner of your home and therefore have to pay for its maintenance and repair. Accordingly it will be less than the normal "fair rent" which would be payable if you were a tenant. Remember you will only have to pay the appropriate percentage of this amount. The "fair rent" will be re-assessed every two years and you will then have to pay the appropriate percentage of the new amount. The rent which is paid to the association goes towards repaying the Government who put up the money in the first place to meet that part of the cost of providing your home that you have not paid for.

What about rates?

Like any other occupier, you will have to pay rates independently to your local authority. You may be eligible for a rate rebate.

What about repairs and insurance?

If your home is a house — you will be wholly responsible for all repairs. You will be expected to pay a small service charge to cover the costs of insuring the structure of your house and help meet the cost of rent collection.

If your home is a flat — you will be responsible for the repair and redecoration of the inside of your home. Under the terms of the lease the association will undertake to keep the building in which your flat is situated in good structural repair, to keep the structure insured and to keep any common parts such as the staircase and corridors cleaned and lighted. In return for these services you will be called upon to meet your share of the costs by way of a service charge. The association will be accountable to you as to how the service charge was spent and you will be consulted before any major repair or maintenance work is put in hand.

Any damage or defect that you spot should be reported to the association immediately.

Regardless of whether your home is a house or a flat you would be wise to insure your contents and fittings because these will not be insured by the association.

How much do I pay when I exercise my right to staircase?

If you want to buy a further share of your home you must first of all ask the association to obtain a current valuation. They will ask the District Valuer to do this and will let you know the valuation as soon as it is received.

You will then usually have two or three months to decide:—

1 to buy a further share

2 to buy outright

3 to do nothing.

Whatever you decide to do the association will ask you to pay for the appropriate percentage of the District Valuer's valuation fee in advance but will not ask you to pay any other costs and expenses. The association will be able to tell you approximately how much a valuation would cost, before approaching the District Valuer. You may have to instruct a solicitor if you exercise your right to staircase — for example where you take an additional mortgage to enable you to exercise your right. (Your solicitor's fees however should be considerably less than the original fees).

Can I make improvements or alterations to my home?

If you wish to carry out improvements or make structural alterations to your home, then you should obtain the association's written agreement to your proposal.

What if I fall behind on my mortgage repayments?

The mortgage contract is between you and your building society. If you fall behind on the repayments due to temporary financial difficulties then

you should seek the help of the building society. If these difficulties cannot be overcome, then after due warning and certain legal proceedings, the building society will be able to take possession of your home and re-sell it to recover their losses. In the event of such a sale however you would be entitled to any of the proceeds of sale as appropriate to your share which exceeded your debt to the building society.

What if I fall behind on my rent or service charge?

Under the lease you will be obliged to pay the rent and in the case of a flat, a service charge. If you fall behind on these payments due to temporary financial difficulties, get in touch with the association to see if they can help you. If, however, you are not going to be able subsequently to make these payments up, then after certain legal proceedings, your home can be taken away from you and the lease forfeited. Once again you would be entitled to the balance of any sales proceeds left after the building society and the association have been repaid in full.

What if I die after buying a staircasing lease?

If you die then your home will pass in the normal way under the terms of your will or if you have not made a will under the rules for intestacy.

What do I do when I want to move?

If you want to move you can do so at any time. When you decide to sell you can either sell the percentage you own or exercise your option to staircase and sell the property outright. This is known as a 'simultaneous completion'. You would buy the remaining stake (in this case as assessed by the District Valuer) in your home at the same time that it was sold by you with vacant possession. This would be a paper transaction only since the money you would use to pay the association would come from the person who had bought the whole of your home for full owner-occupation.

If you haven't bought the whole of your home, or you wish to have a 'simultaneous completion' you must notify the association in writing that you want to move.

Whatever a purchaser pays for your lease is yours subject of course to your repaying any mortgage which you have taken out on the property or any additional share you purchase if you choose to have a 'simultaneous completion'.

Finally, some associations may include a clause in the lease to enable them to nominate one or more prospective purchasers.

Further information is available from the following Housing Corporation offices:

Scottish Head Office
19 Coates Crescent
Edinburgh EH3 7AF
Tel 031-226 3153

East North & South Scotland
Forth House
13-17 Forth Street
Edinburgh EH1 3LE
Tel 031-557 2300

Strathclyde
5th Floor
Mercantile Chambers
53 Bothwell Street
Glasgow G2 6TS
Tel 041-226 4611

North West
Elisabeth House
16 St Peters Square
Manchester M2 3DF
Tel 061-228 2951

Merseyside
6th Floor
Corn Exchange Buildings
Fenwich Street
Liverpool L2 7RD
Tel 051-236 0406

North East
St Pauls House
23 Park Square South
Leeds LS1 2ND
Tel 0532-469601

West Midlands
Norwich Union House
Waterloo Road
Wolverhampton WV1 4BP
Tel 0902-24654

East Midlands
Phoenix House
16 New Walk
Leicester LE1 6TF
Tel 0533-546762

West
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The Housing Corporation is the government body which finances, controls and supervises registered housing associations, non-profit making bodies of which there are some 3,000 in England, Scotland and Wales. Set up in 1964, The Housing Corporation has a London headquarters and regional offices, working with associations to provide homes for sale and to rent by different methods.

Do-it-Yourself Shared Ownership

A guide for applicants

The Housing Corporation

1. WHAT IS SHARED OWNERSHIP?

Shared ownership enables you to buy your own home in stages by purchasing a share of the property and renting the remainder from a housing association. Purchase is by way of a long lease (usually 99 years) and you may purchase a quarter, a half, or three quarters of the value of the property, depending on your savings and the amount of mortgage you can repay. Many people who have already purchased a home on shared ownership terms, find they can afford to buy half of the property's value at the outset.

If you choose to buy a half you can pay rent on the remaining half to the housing association which sold to you. At a later date (there is no time limit) you can, if you wish, increase your mortgage and buy another quarter, which means that you will own three-quarters and the association's stake is reduced to a quarter. Your rent at that point decreases correspondingly. Similarly, you can then buy the remaining quarter and become the owner of the whole property, but this is entirely up to you.

The following example illustrates the costs per week involved in shared ownership compared with full owner occupation and renting. The example assumes that the value of the property purchased is £20,000, the Fair Rent for the property is £18 per week, and the mortgage required is a 25 year repayment mortgage at an interest rate of 10%.

Renting	Shared Ownership (mortgage + rent)			Owner Occupation
	25%	50%	75%	
£18.00	£20.79	£26.29	£31.77	£37.27

2. WHAT IS DO-IT-YOURSELF SHARED OWNERSHIP?

Do-it-Yourself Shared Ownership, DIYSO for short, enables you to choose a property and acquire it on a shared ownership basis, through the housing association which is operating DIYSO in your area.

3. CAN YOU APPLY?

The housing association will consider an application if:

(a) you have an income which does not qualify for a mortgage for the home you require. As a general rule your income should be at or below the average level of incomes in the area in which you wish to buy.

and

(b) you are:

(i) moving to a new area to take up employment, particularly where the move is to an area of high housing cost. (If you are a job mover you will be given priority).

(ii) currently on the waiting list of a housing association, local authority or other public authority;

(iii) a tenant of a housing association, local authority, or other public authority;

(iv) a first time buyer, for example a young couple living in a parental home.

The housing association will also take into account all other relevant circumstances before reaching a decision.

4. WHAT PROPERTY CAN YOU BUY?

Property which may be purchased under this scheme are:

(a) a new property which is either available for immediate occupancy, or in the course of construction. These must attract a National House-Building Council (NHBC) guarantee in order to be purchased on your behalf by the housing association. The NHBC operate an insurance scheme which provides for certain repairs to be undertaken on new property, when defects arise during the first ten years of the property's life. The association is unable to purchase a property where such a guarantee cannot be provided.

(b) existing property of a satisfactory standard on which a building society will advance a mortgage. A survey must be carried out prior to purchase to ensure that the property is structurally sound, in a good state of repair, and has all the basic amenities. (If the property requires repair works as a condition of the mortgage you should discuss the position with the housing association.)

The property must be of a size which is appropriate to your housing needs. The association handling your application will take account of your household needs together with the availability of alternative property in the location required, when assessing your application.

5. ARE THERE PRICE LIMITS?

Yes. The full purchase price (that is before the shared ownership transaction takes place) must not exceed:

£40,000 in the Greater London area

£35,000 in the Home Counties

£30,000 elsewhere.

The purchase price must not exceed the valuation placed on the property by the building society providing the mortgage. (When considering a mortgage application the building society will always value a property to ensure that it can recover the money loaned to you by selling the property, should you default on your mortgage).

6. WHAT ABOUT A MORTGAGE?

In general you will be expected to make your own mortgage arrangements. Usually this will be with a building society or bank. Some housing associations have made arrangements with building societies for the provision of mortgages for shared ownership schemes, and you should discuss this with the association when making your application.

All the major building societies are familiar with the special type of lease which is used in these schemes and are willing to advance mortgages on this basis.

The building society will need to be wholly satisfied that you have sufficient income to repay both the mortgage and the rent. Some building societies may not be prepared to advance the full amount necessary to purchase the share required. In these circumstances you may be required to pay up to 10% of the value of the share to be purchased.

7. WHAT DO YOU NEED TO DO?

Contact the housing association which you have been advised to approach. This association is undertaking DIYSO in the area in which you wish to buy, and will provide you with an application form. This should be completed and returned to the Association, which may wish to discuss it with you. You may be asked to pay a returnable deposit of £100.

If you are accepted by the association you should begin to look for the property which is suitable for your requirements and within your means. The association may be able to advise you of the location of new developments of suitable property, or of areas of existing properties which are likely to be eligible for the scheme, but you may also need to approach local estate agents.

When you have located the property you require you should commission a qualified surveyor to carry out a survey and formally apply for a mortgage. You may be able to employ the Building Society's Surveyor to carry out your survey at a reduced rate at the same time as the property is valued. If the results of the survey are satisfactory, the price agreed with the vendor does not exceed the Building Society's valuation and the Housing Corporation has approved the application the association will purchase the property on your behalf. It will then sell the agreed proportion of the property to you on a shared ownership basis. The two main transactions will be interdependent and simultaneous.

When the sale is completed you will become a shared owner. This means that you pay rent to the housing association which sold you your home, and mortgage repayments to the building society which advanced you your mortgage. A full discussion of the responsiblities you will assume when you become a shared owner is contained in the booklet "Have you heard about Shared Ownership".

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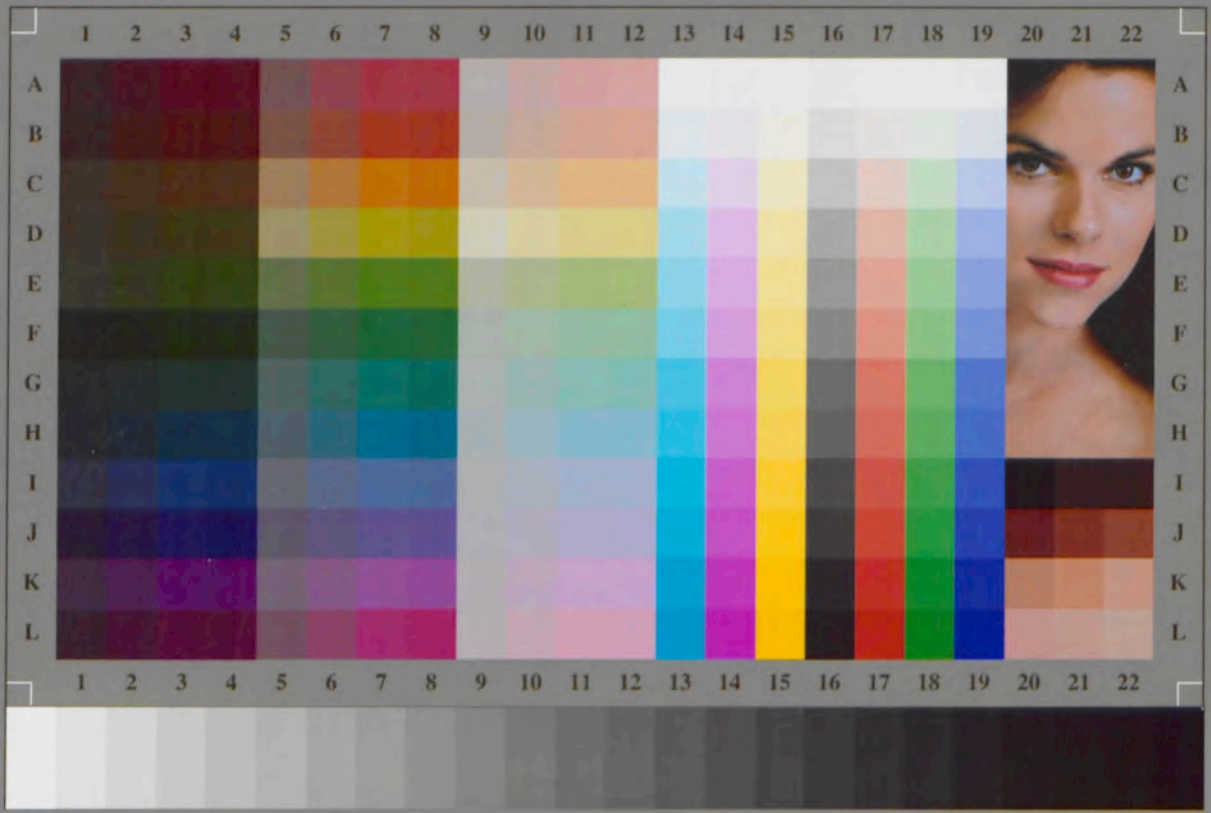

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