



Defeats *ceba*

Prime Minister
Cabinet with these proposals?

Yes not Rec 6
30/10

Prime Minister

LOCAL GOVERNMENT AND HOUSING BILL: LORDS DEFEATS

At Cabinet on Thursday, we discussed the Government's two defeats in the House of Lords on rural shared ownership and the right to buy. This minute sets out my proposed response.

Rural Shared Ownership

We have had informal discussions with the authors of the Lords amendment. Their main concern seems to be to ensure a healthy rural housing programme rather than (as the amendment suggested) to restrict shared owners' right to progress to full home ownership. I too want such a programme, subject of course to decisions on the Housing Corporation programme. There is, therefore, a possibility that we can persuade the amendments' architects (the NFU and the National Agricultural Centre Rural Trust) to agree to our deleting the amendment in return for an assurance about resources for rural housing, and that we should be able to carry the day in both Houses. That is important, since without such an agreement there is obviously a risk that the Lords will not agree to their amendment being overturned, and that that would jeopardise the bill timetable. My proposal therefore is that we overturn the Lords amendment, with the help of this agreement if we can get it.

But if there is no agreement, and if it seems likely that the Lords will stick to their guns, I propose the following fall-back. We would allow housing associations (but not local authorities) in certain rural areas (determined by the Secretary of State after consultation) to restrict "staircasing" so that the shared owner could only buy up to 95% of the equity. This would enable him to build up sufficient equity to become an owner occupier in another property while ensuring that the lease returned automatically to the housing association. This would fall short of the straightforward reversal which we should prefer, but not much.

Right to Buy for the Elderly

The defeat on the right to buy would give Peter Walker and me the unwelcome task of deciding which individual properties should be excluded from the right to buy as being elderly persons' housing. Again, I propose to reverse the defeat but with a limited concession designed to try to secure the support of our backbenchers.



The Association of District Councils say that our original proposal, designed to extend the right to buy to non-sheltered housing for elderly people, would also have permitted the sale of some sheltered housing. The legislation specifically excludes sheltered housing from the right to buy, but the definition of 'sheltered' is tight. I propose to table at CCLA an amendment which slightly widens that definition, whilst minimising the risk of abuse and avoiding unwelcome new tasks for central Government.

The existing exclusion applies to housing that is part of a development particularly suitable for the elderly which is customarily let for occupation by elderly or disabled people. My amendment would extend this by not insisting that there must be a resident warden or common room. To prevent too wide an exclusion we would insist that a means for summoning assistance - such as an alarm system - was in place and had been from the start of the current tenancy. In practice, this concession would not significantly dent the principle of giving the right to buy to elderly people, and ADC support should help ensure the satisfactory passage of the Bill.

Conclusion

In short I propose:

- (a) to seek agreement with the authors of the shared ownership amendment to its reversal, on the basis of assurances about an increased rural housing programme (within the Housing Corporation's overall programme); failing that, to produce the fall-back amendment above; and
- (b) to reverse the defeat on the right to buy for the elderly, but with the amendment described above.

Alexander Hesketh will be pressed to indicate our intentions at Third Reading on Wednesday, so I would welcome any comments on my proposals by close tomorrow (Tuesday 31 October). I am copying this letter to other members of E(LG), the Lord Privy Seal, the Chief Whips in both Houses, to Sir Robin Butler and First Parliamentary Counsel.

CEJ Bosh

PP CP
30 October 1989

(approved by the Secretary of State and signed in his absence)



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

2 November 1989

Dear Kate

LOCAL GOVERNMENT AND HOUSING BILL

For the record, the Prime Minister has seen your Secretary of State's minute of 1 November. She accepts the views of your Secretary of State and the Business Managers that the arrangements set out are the best that can now be obtained, and is content for Lord Hesketh to take the line proposed at 3rd Reading.

Yours ever

Dominic

DOMINIC MORRIS

Miss Kate Bush,
Department of the Environment

KCB



Prime Minister

LOCAL GOVERNMENT AND HOUSING BILL: LORDS DEFEATS

I have been reconsidering the position following the letters of 31 October from Geoffrey Howe and John Belstead; and we have had further discussions with the Lords Business Managers, given the overriding need to complete our legislative programme this session.

RURAL SHARED OWNERSHIP

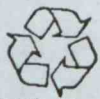
Agreed

We are making promising progress in discussions with the supporters of Lord Stanley's amendment. I have agreed with John Belstead that, provided that by close tomorrow the NFU, the County Landowners Association, the Rural Development Commission and NACRT have signed up to our rural housing package, and that the most influential peers have been brought on side as a result, we shall go ahead as proposed and reverse the amendment at CCLA. Failing that, we shall produce the fall-back amendment I outlined earlier.

RIGHT TO BUY FOR THE ELDERLY

In my minute of 30 October I proposed to reverse in the Commons Lord McIntosh's amendments carried against us at Report in the Lords, which bring new non-sheltered housing for the elderly within the right to buy but give us the task of excluding existing housing of that kind from the right to buy. The concession I proposed was a wider definition of sheltered housing, to deal with some marginal cases which the Association of District Councils were concerned about. Lord Monk Bretton has since tabled an amendment on these lines; but Lord Vinson has also tabled an amendment to require me to make determinations excluding non-sheltered housing for the elderly from the right to buy in rural areas. In conversation with John Belstead and Bertie Denham this morning Michael Howard and Alexander Hesketh explored the option of accepting that amendment also, in order to secure the support of our backbenchers.

I think this package would offer a reasonable quid pro quo for reversing Lord McIntosh's amendments: non-sheltered housing would be protected in rural areas, and elsewhere a wider category of sheltered housing would be preserved. The Business Managers have however told me that those concessions would not necessarily be accepted when the Bill went back to the House of Lords, and I must reluctantly accept the view of the Business Managers that it would





not be helpful to join issue with that House at this stage in the Session when there is still a heavy legislative load. I therefore propose that we should accept the substance of the amendments carried against us at Report, and introduce in the Commons a tidying up amendment which restores Peter Walker's and my jurisdiction to exclude properties from the right to buy. I do not welcome the implications of this for departmental manpower, but I think they must be accepted.

Lord McIntosh has tabled for today an amendment to modify the effect of his Report amendments by taking away the Secretary of State's role. This would mean that existing tenants could still be denied the right to buy by their landlords, as now. This is not acceptable, and Alexander Hesketh will resist it. I understand the Business Managers are content with that course.

This is the line which Alexander Hesketh and the Lords Business Managers will follow during Third Reading in the Lords today, unless you or colleagues object early in the afternoon.

I am copying this letter to the Lord President, Lord Privy Seal, Peter Walker, Malcolm Rifkind, the Chief Whips in both Houses, to Sir Robin Butler and First Parliamentary Counsel.

CE S Bush

pp CP

1 November 1989
(approved by the Secretary of State
and signed in his absence)





FROM THE LEADER OF THE HOUSE
HOUSE OF LORDS

31 October 1989

Dear Chris,

LOCAL GOVERNMENT AND HOUSING BILL: LORDS DEFEATS

I have seen a copy of your minute to the Prime Minister of 30 October and I wish to comment on your proposals in respect of both defeats.

I must make one general comment. We still have five major Bills outstanding which must receive Royal Assent before Prorogation. It is therefore very important that we do not consider reversals of Lords' defeats in isolation. If the House as a whole were to be alienated by the course we adopted on this Bill, it might well endanger other Bills.

RURAL SHARED OWNERSHIP

If it were possible, as the first option, to get agreement on the basis of resources for rural housing, that would clearly be the best way forward - but I would have thought the chances of this were minimal. At the very least the supporters of the amendment will want something on the face of the Bill.

I would prefer your second option, the 95% top of the "staircase" with the linked attraction of the lease returning automatically to the Housing Association. This should surely do the trick. Indeed, I felt that the proposers of the amendment simply did not realise the financial burden which would remain on the shoulders of someone unable to "staircase" up to 100% (or near to 100%) with the consequent disadvantage that people in such housing would be very slow to move out. This argument should help to secure agreement to this option, which comes near to reversing the defeat.

Nevertheless, if we need to know by Third Reading that this option is acceptable, swift negotiations will have to be held with the proposers of the amendment.

RIGHT TO BUY FOR THE ELDERLY

There is a history to this issue in the House of Lords. The House has twice resisted the right to buy for housing for the elderly in the past. Moreover, Lord McIntosh rehearsed the history of the amendment which the Government put into the Bill at Committee Stage in the House as his prime argument for his own amendment, and one can only assume that the very large majority he gained late at night is an indication of the strength of feeling on that point, as well as on the merits.

In order to get what would in effect be a complete reversal, there would have to be some prior agreement. This is unlikely to be forthcoming, although support in briefing from the Association of District Councils would clearly help. If we need to have a clear position ahead of Third Reading on Wednesday, then we would have to be certain that the Conservatives in the House of Lords were united behind the Government stance on this issue. After consultations with the Chief Whip, I can give no such assurance at this stage, because of the history I have mentioned.

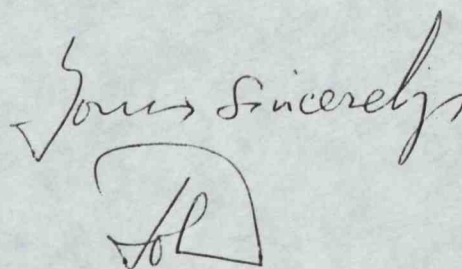
Another difficulty is that it was argued that the McIntosh amendment is already something of a compromise on the issue in that it excludes from the exemption all those existing elderly tenants who have been led to believe that a Conservative Government would give them this right. It was moreover presented in a studiously moderate fashion. To attempt to compromise this compromise - particularly when the concession that is being offered is hardly a concession at all - might run real risks in the House.

Conclusion

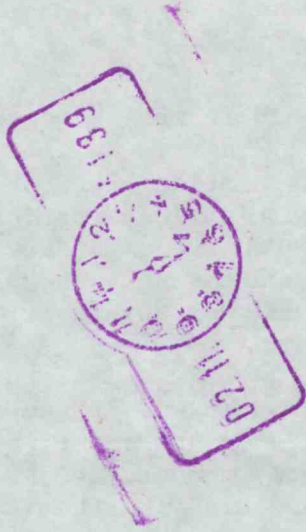
In short, therefore, I would prefer to adopt your second option on the first defeat, and avoid running the risk of a third defeat in the House of Lords on right to buy for the elderly. Right to buy is of course central to Government policy, and I do not wish to weaken the principle. I believe, however, that since the Government has in effect endorsed the House of Lords twice-repeated stance on right to buy for the elderly over the past nine years it would be dangerous, especially at present, to seek the House's agreement to reversing (in effect) the McIntosh amendment.

I am sorry if I seem difficult. These are hard decisions. In business management terms I believe however that at this late stage in the session the priority must be to limit damage, and to avoid giving any hostages to fortune.

I am copying this to the Prime Minister, other members of E(LG), the Chief Whips in both Houses, to Sir Robin Butler and First Parliamentary Counsel.

Yours sincerely


BELSTEAD





PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

NBm

31 October 1989

*Recd
2/10*

Dear Roger

LOCAL GOVERNMENT AND HOUSING BILL : LORDS DEFEATS

The Lord President has seen your Secretary of State's note of 30 October to the Prime Minister and the letter from the Lord Privy Seal dated 31 October. He has asked me to let you know that he absolutely endorses the point made by the Lord Privy Seal that the primary objective must be to ensure that the full legislative programme for the current session can be delivered, even if this means accepting that your Bill may not be as full a reflection of Government policy as your Secretary of State would like. He therefore endorses the Lord Privy Seal's preference for the second option in relation to Rural Share Ownership and agrees that, in business management terms, it must be right not to seek to reverse the defeat on Right to Buy for the Elderly.

I am copying this letter to Paul Gray, the Private Secretaries to other members of E(LG), to the Lord Privy Seal, the Chief Whips in both Houses and to Trevor Woolley and First Parliamentary Counsel.

Yours

Steve Catling
S D CATLING
Private Secretary

Roger Bright Esq
Private Secretary to
the Secretary of State for the Environment



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

1. DM - 6 11
2. NRPm
RUC
1/11

The Rt Hon Christopher Patten MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

(November 1989

Dear Chris,

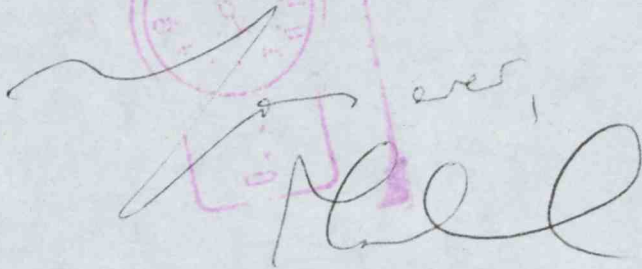
LOCAL GOVERNMENT AND HOUSING BILL: LONG LEASES

Your minute of 30 October ^{WITH PG} to the Prime Minister asked for any comments on your proposals to reverse the Government's two defeats in the House of Lords.

The provisions on rural shared ownership do not affect Scotland and I have no comments on your proposal.

With regard to the position concerning housing for the elderly, I note your proposal to seek to overturn the amendment made at Lords Report Stage but in so doing to offer concessions which would widen the sheltered housing exclusion provisions. I am content for you to proceed in this manner since, as you are aware, our amendment for Scotland to repeal the exclusion of amenity housing for the elderly was accepted in the Lords. We have thus at present a situation whereby in Scotland there will be no restrictions on the sale of such housing but in England & Wales authorities will be able (subject to Secretary of State confirmation) to refuse to sell existing amenity housing. Clearly on this aspect of Right to Buy policy we should be broadly consistent. It would not be my intention, however, to follow you in offering any concession. The definition of the housing excluded from the Right to Buy in Scotland is less precise than is the case for England & Wales. There is no mention of a common room facility; the appropriate provisions simply refer to a house being one of a group with facilities including a call system and the services of a warden. In the circumstances I do not think I need to seek further amendments.

I am copying this letter to the Prime Minister, other members of E(LG),
The Lord Privy Seal, the Chief Whips in both Houses, to Sir Robin Butler
and First Parliamentary Counsel.



Handwritten signature of Malcolm Rifkind, with a pink circular stamp partially visible behind it. The signature is written in black ink and includes the name 'Malcolm Rifkind' in a cursive style.

MALCOLM RIFKIND