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

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

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

[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]

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