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This political digest covers parliamentary issues relevant to the building society sector.

Your feedback on this edition is most welcome. Please email Rachel Le Brocq with your comments at [rachel.lebrocq@bsa.org.uk](mailto:rachel.lebrocq@bsa.org.uk) . Also email Rachel with any issues you have a particular interest in, and would like her to track.

**Update includes:**

- Written Ministerial Statement – Child Trust Fund Week
- Ed Balls launches new financial capability strategy
- Treasury Select Committee (TSC) inquiry into unclaimed assets
- Timings of ISA regime reforms announced
- Ruth Kelly speech on social housing
- Launch of anti-money laundering and counter-terrorist finance strategy
- Home Information Packs
- Parliamentary Questions - various
- Early Day Motions – various
- Legislative update
- Key dates & future business

## HOUSE OF COMMONS

### Written Ministerial Statement - Child Trust Fund Week

On 8 January 2007, Ed Balls MP (*Lab/Co-op, Normanton*), Economic Secretary, made a Written Ministerial Statement on the Child Trust Fund in which he said “*I will write to all MPs later this week with details of new Child Trust Fund account opening figures for their constituencies, in order to consider what more can be done locally to encourage parents to make the most of the opportunities the Child Trust Fund represents.*” The BSA also wrote to MPs with the latest version of the Association’s CTF leaflet, highlighting the role building societies play in delivering this policy. The full Ministerial Statement can be viewed here <http://www.publications.parliament.uk/pa/cm200607/cmhansrd/cm070108/wmstext/70108m0001.htm#0701087000007>

### Ed Balls launches new financial capability strategy

On 15 January 2007, Ed Balls MP (*Lab/Co-op, Normanton*), Economic Secretary, launched the Government's long-term approach to financial capability. A new taskforce, led by Otto Thoresen, Chief Executive of AEGON UK, has been asked to research and design a national generic financial advice service – “ensuring that every person, including those on the lowest incomes, can get quick, easy and simple access to good quality financial advice”. Otto Thoresen will report to Ministers by the end of the year.

The full Treasury press release can be viewed here

[http://www.hm-treasury.gov.uk/newsroom\\_and\\_speeches/press/2007/press\\_07\\_04.cfm](http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/2007/press_07_04.cfm)

### Treasury Select Committee (TSC) launch inquiry into unclaimed assets

On 17 January 2007, the TSC announced a new inquiry: *unclaimed assets within the financial system*. The areas the Committee is particularly interested in are —

- The definition, identification and collection of unclaimed assets;
- The distribution and use of unclaimed assets; and
- The possible relevance of schemes in other countries for putting unclaimed assets to productive use.

The full TSC press release, containing more detail on the inquiry, can be viewed here

[http://www.parliament.uk/parliamentary\\_committees/treasury\\_committee/tc170107pn19.cfm](http://www.parliament.uk/parliamentary_committees/treasury_committee/tc170107pn19.cfm)

The BSA has submitted a formal response to the TSC.

### **Timings of ISA regime reforms announced**

On 1 February 2007, Ed Balls MP (*Lab/Co-op, Normanton*), Economic Secretary, announced that reforms to the ISA announced at the end of 2006, will come into effect in April 2008. This announcement comes after a consultation with stakeholders, to which the BSA took part.

The reforms include:

- extending ISAs indefinitely, with a guarantee that the overall annual investment will remain at least £7,000;
- bringing PEPs within the ISA wrapper;
- removing the Mini/Maxi distinction within ISAs to simplify the regime, making it easier to understand and administer;
- allowing transfers from the cash component of ISAs into the stocks & shares component; and
- allowing Child Trust Fund accounts to roll over into ISAs to encourage young people to maintain a saving habit into their adult years.

The full Treasury press release can be viewed here

[http://www.hm-treasury.gov.uk/newsroom\\_and\\_speeches/press/2007/press\\_15\\_07.cfm](http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/2007/press_15_07.cfm)

### **Ruth Kelly speech on social housing**

On the 13 February 2007, The DCLG Secretary, Ruth Kelly MP (*Lab, Bolton West*) outlined Government thinking on the future of social housing in a speech to the Fabian Society.

In the speech she floated the idea that shared ownership schemes should give participants the opportunity to own as little as 10% of their property. Although she recognised that further work needed to be done to make such a scheme workable, she claimed that 1.7million (of the four million total) social housing tenants would like to buy a stake in their home but cannot afford to do so. She claimed that this would give them not just an opportunity to build housing equity but also to get a stake in their communities.

This was expanded further expanded in a report by John Hills of the Centre for Analysis and Social Exclusion, to Ruth Kelly looking at *The Future Role of Social Housing in England*. He recommended fundamental change to the role of social housing, away from one of just accommodating tenants to a system that is much more responsive to the needs (and particularly the changing needs) of tenants and

supporting people's livelihoods and boosting their wealth and life opportunities. Ruth Kelly's speech can be viewed [here](#).

### **Treasury Sub-Committee hears from National Savings and Investments**

On 21 February 2007, the Treasury Sub-Committee met to take evidence from National Savings and Investments (NS&I) officials on its Annual Report and Accounts for 2005-06. Within the meeting, Brooks Newmark MP (*Con, Braintree*), asked the value of unclaimed premium bond assets held by NS&I. Responding to the question, Jane Platt, NS&I Chief Executive, revealed there is £30 million of unclaimed premium bonds. On other unclaimed assets, Ms Platt said that there were £34 million worth of unclaimed assets in closed products, with £129 million in bond products, £729 million in savings certificates and £447 million in account based products. These were all defined on a 15 year basis.

Pressed by Mr Newmark on whether it was right for the Government to use unclaimed assets to pay down national debt, Ms Platt said that there was no question of assets not being available if claimed. All the money invested was paid to the Government which then used the funds in whatever way they saw fit and was part of the national debt, she explained.

The uncorrected oral evidence from this meeting will be available shortly on the Treasury Select Committee website.

### **Launch of anti-money laundering and counter-terrorist finance strategy**

On 28 February 2007, the Economic Secretary to the Treasury, Ed Balls MP (*Lab/Co-op, Normanton*) set out the Government's Anti-Money Laundering and Counter Terrorist Finance Strategy. Some of the new measures include;

- further steps to promote the proactive use of asset freezing powers, including the creation of a dedicated Treasury Asset Freezing Unit that will increase the expertise and operational focus that the Government is able to bring to bear on asset freezing in response to advice from law enforcement and security agencies;
- further steps to extend a risk-based approach to regulation - a key principle of the Government's better regulation agenda - including through the creation of a new money laundering supervisors' forum and a commitment to ensure authoritative guidance is available to all regulated industries;
- reforms to reduce red-tape, including measures to simplify identification and due diligence checks within revised Money Laundering Regulations and a consultation on changes to the consent and tipping-off rules; and

The full Treasury press release can be viewed here

[http://www.hm-treasury.gov.uk/newsroom\\_and\\_speeches/press/2007/press\\_23\\_07.cfm](http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/2007/press_23_07.cfm)

### **Home Information Packs**

The introduction of home information packs is now less than 100 days away - June 1 2007.

The qualifications for Domestic Energy Assessors have now been determined, and the DCLG has claimed that many people are now in training for the qualification which will allow them to issue the Energy Performance Certificate part of the HIP. The trials of HIPs are also continuing, and over 1,500 HIPs have already been provided to property sellers, while new trials have started in Southwark and North West Wales.

### **PARLIAMENTARY QUESTIONS - Various**

#### **House of Commons Written Question – 9 January 2007 – Credit Unions**

David Heyes MP (*Lab, Ashton under Lyne*): To ask the Chancellor of the Exchequer what steps he is taking to support credit unions in their bid to make an impact on high levels of indebtedness to doorstep lenders among poor and vulnerable people; and what support he offers to credit unions to allow them to provide people with an alternative source of affordable credit.

Ed Balls MP (*Lab/Co-op, Normanton*): The Government recognise the work of credit unions in providing affordable credit to those encountering exclusion from mainstream financial services.

The Government have established a Growth Fund of £36 million, administered by the Department for Work and Pensions, to boost the coverage, capacity and sustainability of credit unions and other third sector lenders. The recent pre-Budget report announced the Government will also make funding available to support the training requirements of staff and volunteers working for third sector lenders. Further measures introduced to support the sector include enabling credit unions to offer cash ISAs, and increasing the maximum rate that credit unions are able to charge on loans, in order to increase flexibility to lend to those on low incomes. The Government will report on next steps for the financial inclusion strategy shortly.

**House of Commons Written Question – 17 January 2007 – Unclaimed Assets**

Mark Francois MP (*Con, Rayleigh*): To ask the Chancellor of the Exchequer what work his Department is undertaking on unclaimed assets; and if he will make a statement.

Ed Balls MP (*Lab/Co-op, Normanton*): The Government welcomes the banking industry's commitment and progress towards introducing a scheme to allow unclaimed assets to be reinvested in the community. In the 2006 Budget the Government undertook to consider the legal and accounting issues surrounding unclaimed assets. Having done this, the Government believe that in order for the banking industry to set up an unclaimed assets scheme, where the rights and interests of both consumers and the industry are protected, it is necessary to bring forward enabling legislation. The Government intend to proceed with this and consult widely.

**House of Commons Written Question – 25 January 2007 – Savings Gateway Scheme**

Vince Cable MP (*Lib Dem, Twickenham*): To ask the Chancellor of the Exchequer what percentage of those who began saving with the Savings Gateway Scheme completed the scheme and were given the bonus in each year since its launch.

Ed Balls MP (*Lab/Co-op, Normanton*): In the first Saving Gateway pilot, 1,478 accounts were opened. The final evaluation report, published alongside Budget 2005, confirms that matching can encourage genuinely new savers and new saving. Overall, over half of the participants achieved the maximum match of £375 and 41 per cent. of participants were still saving three or more months after the pilot finished.

**House of Commons Written Question – 19 February 2007 – Dormant bank accounts (unclaimed assets)**

Don Foster MP (*Lib Dem, Bath*): To ask the Chancellor of the Exchequer what his Department's most recent estimate is of the revenue that can be released from dormant bank accounts; and if he will make a statement.

Ed Balls (*Lab/Co-op, Normanton*): The Government, banks and building societies have agreed that the definition of an unclaimed asset should generally cover bank and building society accounts where there has been no customer activity for a period of 15 years as that will best identify those accounts that are genuinely unclaimed. On this basis, initial record searches by banks and building societies suggest that several hundred million pounds may currently lie unclaimed.

**House of Commons Written Question – 20 February 2007 – Bank Services**

Don Foster MP (*Lib Dem, Bath*): To ask the Chancellor of the Exchequer what reports his Department has commissioned into dormant bank accounts; and if he will make a statement.

Ed Balls MP (*Lab/Co-op, Normanton*): As announced initially in PBR 2005, the Government and banking industry have committed to an unclaimed assets scheme that allows genuinely unclaimed assets to be reinvested in the community, with funds to be invested with a specific focus on programmes for young people, financial education and financial exclusion. In addition, Government are examining the proposals of the independent Commission on Unclaimed Assets. The Treasury has not commissioned any reports into dormant bank accounts.

As set out in the PBR, the Government believe that legislation is required to allow the banking industry to set up a scheme. The Government will consult widely on proposals.

**House of Commons Written Question – 20 February 2007 - Banks: Closures**

Peter Bone MP (*Con, Wellington*): To ask the Chancellor of the Exchequer if he will bring forward proposals requiring shared bank branches in local communities.

Ed Balls MP (*Lab/Co-op, Normanton*): Decisions regarding their bank networks are commercial decisions for the banks. The Government will continue to monitor the situation as regards to access to banking services

**EARLY DAY MOTIONS – VARIOUS**

(Early Day Motion (EDM) = A motion which is laid to bring attention to an issue, but not debated)

**New EDMs**

**EDM 556 – *Green Mortgages*** is sponsored by Colin Challen MP (*Lab, Morley and Rothwell*)

*“That this House notes that on 1st June 2007 home improvement packs will be introduced which will include energy performance certificates; further notes that this is likely to encourage buyers and sellers of houses to wish to improve the energy efficiency of their homes and that to afford to be able to do so they may seek the assistance of their mortgage lender; further notes that, at present, of over 100 UK mortgage providers, only three lenders offer any kind of environmental mortgage; and therefore calls upon all mortgage providers to heed the request of the All Party Parliamentary Climate Change Group and the*

*Department for Communities and Local Government to offer such products forthwith.”*

The EDM, laid on 8 January 2007, has 69 signatures to date and can be viewed here

<http://edmi.parliament.uk/EDMi/EDMDetails.aspx?EDMID=32220&SESSION=885>

**EDM 660 - *New Business for Post Offices*** is sponsored by Albert Owen MP (*Lab, Ynys Môn*)

*“That this House values the post office network and the key services it provides to rural and urban communities; acknowledges that the network has a social value as well as an economic role; is concerned by the scale of the Post Office closure plans; calls on banks and building societies to work with Post Office Ltd to introduce and expand financial services products such as ATMs across the network; and calls on Government Whitehall departments, the devolved administrations and local councils to use the network to deliver its services to generate additional income and enhance the role of Crown and sub-post offices.”*

The EDM, laid on 17 January 2007, had 94 signatures to date and can be viewed here

<http://edmi.parliament.uk/EDMi/EDMDetails.aspx?EDMID=32338&SESSION=885>

**EDM 909 - *Bank Profits and Charges*** is sponsored by Mike Weir MP (*SNP, Angus*)

*That this House notes the record profits made by Barclays Bank and the expectation that the other major banks are also to announce record profits; further notes that several banks intend to introduce charges on some bank accounts; believes that the nature of such charges, avoidance of which depends on having or holding relatively large sums in accounts would impact most on those on low incomes who have limited funds in their accounts at any one time and will especially hit pensioners and benefit recipients who now receive payments through banks; and calls upon the banks to abandon such plans and upon the Government to ensure that the replacement scheme for the Post Office Card Account allows free banking for those in receipt of pensions and benefits.*

The EDM, laid on 20 February 2007, has 29 signatures to date and can be viewed here

<http://edmi.parliament.uk/EDMi/EDMDetails.aspx?EDMID=32628&SESSION=885>

**EDM 915 - *Mortgage Arrangement Fees*** is sponsored by Steve Webb MP, (*Lib Dem, Northavon*)

*“That this House notes with concern the trend of increasing levels of arrangement fees associated with new mortgage products; further notes that high arrangement fees are being used to subsidise low headline interest rates so as to ensure that mortgage products appear in best buy tables, even where such mortgages are not the best buy once account is taken of the fees charged; further notes that in press advertisements the low headline interest rate is given considerable prominence whilst the high arrangement fee is given less prominence; further notes that these questionable promotional practices occur at a time of growing mortgage arrears, repossessions and repossession orders; is concerned that poorly advised homebuyers may be attracted by such low headline rates which may not be good value for money; is particularly concerned by the recent product advertised by the Halifax Bank which had an arrangement fee of £1,999; and calls on the financial services industry to ensure that all of the key elements of a mortgage deal are given equal prominence and to take other steps to ensure that homebuyers are not sold inappropriate mortgage products.”*

The EDM, laid on 20 February 2007, has 39 signatures to date and can be viewed here

<http://edmi.parliament.uk/EDMi/EDMDetails.aspx?EDMID=32634&SESSION=885>

**EDM 940 - *Excessive Bank Profits*** is sponsored by John McDonnell MP (*Lab, Glenrothes*)

*“That this House calls upon the Chancellor of the Exchequer to bring forward proposals for a windfall tax on the excessive profits of banks currently being declared and to use this tax revenue to tackle poverty amongst children and pensioners.”*

The EDM, laid on 21 February 2007, has 19 signatures to date and can be viewed here

<http://edmi.parliament.uk/EDMi/EDMDetails.aspx?EDMID=32658&SESSION=885>



**EDM 956 - *Bank Accounts*** is sponsored by Colin Breed MP (*Lib Dem, South East Cornwall*)

*“That this House deplores the practice of high street banks arbitrarily giving notice to customers to close their bank accounts for requesting an explanation of bank charges which have been levied; and calls upon the banks to cease this practice forthwith and comply with the banking code.”*

The EDM, laid on 22 February 2007, has 28 signatures to date and can be viewed here  
<http://edmi.parliament.uk/EDMi/EDMDetails.aspx?EDMID=32676&SESSION=885>

**EDM 960 - *First Direct Bank Charges*** is sponsored by Alan Meale MP (*Lab, Mansfield*)

*“That this House is concerned that First Direct Bank, a subsidiary of HSBC, has decided to levy a charge of £10 per month per current account for all its customers' current accounts which do not have a minimum sum of £1,500 deposited each month, savings of the same amount or where customers do not have other services, such as mortgages and credit cards; and believes that such levies should not be imposed without the explicit agreement of its customers.”*

The EDM, laid on 22 February 2007, has 27 signatures to date and can be viewed here  
<http://edmi.parliament.uk/EDMi/EDMDetails.aspx?EDMID=32680&SESSION=885>

EDM Title	EDM Number	Date Laid	Primary Sponsor	No. of MPs who have signed EDM
Bank Charges	105	15/11/06	Mike Hancock MP	38
Campaign to Protect Rural England against Land Banking	494	13/12/06	Greg Mulholland MP	48
Bank Charges No.	500	13/12/06	Jim Sheridan MP	90

**LEGISLATIVE UPDATE**

<b>Government Bills</b>	
<a href="#"><u>Fraud (Trials without jury) Bill</u></a>	Introduced to the Commons - 16 November Second Reading - 29 November Public Bill Committee - 12 December Report and Third Reading - 25 January Introduced to the Lords - 26 January
<a href="#"><u>Mental Health Bill</u></a>	Introduced to the Lords - 16 November Second Reading - 28 November Committee of the Whole House - 8, 10, 15, 17, 29 January Report Stage - 19, 26, 27 February Third Reading - 6 March (scheduled)
<a href="#"><u>Consumers, Estate Agents and Redress Bill</u></a>	Introduced to the Lords - 16 November Second Reading - 4 December Grand Committee - 18 December, 9, 10 January Report Stage - 30 January Third Reading - 6 February
<a href="#"><u>Legal Services Bill</u></a>	Introduced to the Lords - 23 November Second Reading - 6 December Committee of the Whole House - 9, 22, 23 January 6, 21 February, 6 March 2007 (scheduled)
<a href="#"><u>Serious Crime Bill</u></a>	Introduced to the Lords - 16 January Second Reading - 7 February Committee Stage - 7, 14 March
<a href="#"><u>Pensions Bill</u></a>	Introduced to the Commons - 28 November Second Reading - 16 January Public Bill Committee - 23, 25, 30 January, 1, 6, 8 February
<b>Private Member's Bills</b>	
<a href="#"><u>Financial Mutuals Arrangements Bill</u></a>	Introduced to the Commons - 13 December Second Reading - 23 March (scheduled)

**KEY DATES & FUTURE BUSINESS**
**The 2007 Budget**

The Budget Statement will be made in the House of Commons on Wednesday 21 March 2007 at 12.30pm.

**Houses of Parliament Recess Dates**

**Easter** - 29 March 2007 - 16 April 2007

**Whitsun** - 24 May 2007 - 4 June 2007

**Summer** - 26 July 2007 and 8 October 2007