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*From the Minister of State for Social Security and the Disabled*

The Rt Hon Nicholas Ridley MP  
 Secretary of State for the Environment  
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*NBM*

**- 2 MAR 1987**

*Dear Nick,*

COMMUNITY CHARGE: NON-DOMESTIC RATING OF "HOMES" AND HOSTELS

*at flap PTS*

Norman Fowler wrote to you on 6 November about the need, which you accepted, to keep our options open on the possible retention of residential care homes, registered nursing homes and hostels (as defined in social security regulations) within the non-domestic rating, exempting their residents from the community charge provisions.

It was important that during Standing Committee debate of the Scottish Bill we should have made clear our intention to keep exemptions from the community charge to a minimum. This has been achieved, and the time has now come for us to consider the retention of non-domestic rating for homes and hostels. The effect of this would be to exempt certain vulnerable people from community charge liability but it would result from retaining the existing status of particular categories of building, and would thus reduce the risk of setting precedents for further exemptions.

These premises are non-domestically rated at present, and the cost is passed on through charges. If their status were to be altered we would be faced with formidable problems of legal definition, and if their residents were to be made liable for the community charge major changes would be needed in benefit arrangements which would not be implemented easily.

It is already proposed that resident hospital patients both in the National Health Service and in the private sector should be exempted from liability for the community charge, and since private hospitals are registered as nursing homes it would be very difficult to provide a satisfactory legal distinction between hospital patients and nursing home patients. There is very

LOCAL GOVT Raising PT6

