

CONFIDENTIAL



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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

29 April 1987

Dear Robin,

COMMUNITY CHARGE: EXEMPTIONS AND RELIEFS

The Prime Minister has seen your Secretary of State's minute of 28 April about exemptions and reliefs from the community charge and has noted his intention to circulate proposals as necessary in due course on how the problems he describes should be tackled.

I am copying this letter to the Private Secretaries to the Lord President, the members of E(LF) and Sir Robert Armstrong.

*Yours,
David*

(David Norgrove)

Robin Young, Esq.,
Department of the Environment.

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Prime Minister

COMMUNITY CHARGE: EXEMPTIONS AND RELIEFS

At E(LF) on 23 April we agreed a number of further exemptions and reliefs from the community charge. But we did not have time to consider all the detailed implications. I am therefore minuting you to put on the record some of the consequential issues which we must return to at a later stage.

As we recognised at the meeting, we will need to provide for workable administrative arrangements to enable local authorities to decide who should benefit from the exemptions. Some of the cases will be contentious and there will need to be provisions for appeal. Where necessary we may need to allow for appeals tribunals to consider expert evidence - particularly in cases involving the mentally handicapped.

I am particularly concerned that we should limit the scope for abuse of the proposal for a flat rate of 20% payment by students. I am content that the Scottish Bill should be amended to allow these matters to be settled by order. But there will need to be controls to ensure that those institutions offering full time courses are in fact doing so and that those students that have signed on for such courses are actually attending and not merely using their enrolment to avoid paying the full community charge.

I think we shall have to return to the subject of exemptions to consider how far the present boundary line is defensible. The fact that we have given some ground will encourage pressure groups to renew the arguments for further exemptions and I foresee particular difficulties from those representing:

- old people living in the community who will feel that it is unjust if those in old peoples' homes are exempt while they have to pay;

ccBG
Prime Minister 2
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second page of this.

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- hostels run by bodies like the Salvation Army which seem not to be covered by the Homes and Hostels exemption we have agreed;
- young people on MSC schemes or in low paid jobs who could be paying a larger proportion of the community charge than students who may have larger incomes.

We shall also need to consider how the cost of the exemptions is to be met. My officials estimate that the total number affected by our revisions might be 1.3 million people and the total cost of the exemptions might be around £180 million or £5 per adult community charge payer. This would not matter too much if it were evenly spread but there are significant variations in the location of, for example, universities and old peoples' homes, in different parts of the country. We shall need to consider what grant arrangements are necessary to compensate for the shortfall of income which will affect some authorities.

I have asked my officials to explore all of these issues in more detail with the other Departments concerned and I will circulate proposals as necessary in due course.

I am copying this to the Lord President, members of E(LF) and Sir Robert Armstrong.

N R

28 April 1987



Prime Minister

COMMUNITY CHARGE: EXEMPTIONS AND RELIEFS

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ATTACHED

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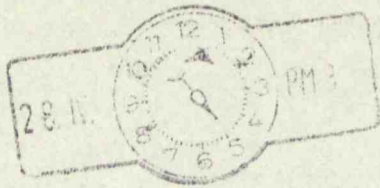
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COMMISSION

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