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FROM THE MINISTER OF STATE, SCOTTISH OFFICE

NEW ST. ANDREWS HOUSE

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RESTRICTED

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for the Environment
2 Marsham Street
LONDON
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WJG

3 August 1987

Dear Nick,

COMMUNITY CHARGE EXEMPTIONS

I refer to your minute of 20 July to the Prime Minister, which you copied to Malcolm Rifkind.

The arrangements for these exemptions will need to be very closely aligned north and south of the Border, and we hope it will be possible to avoid unnecessary differences.

Severely mentally handicapped

We are glad that you propose to base your definition on what is contained in our 1987 Act, but are concerned that you see the need for an additional filter, in terms of receipt of (or qualification for) Severe Disablement Allowance. In view of the extremely small caseload involved we do not see that this is necessary to simplify administration - we doubt whether there will be many frivolous applications. We think it would be unfortunate if it induced applications for benefit from those who would otherwise not have made such claims.

As an essentially procedural matter, rather than a modification of the substantive definition, we doubt whether we could adopt this additional filter by the use of the power to amend our definition by prescription which is contained in our Act, and the change would therefore require primary legislation. In view of our doubts about the need for an additional filter we are unwilling to take this step and hope that you could agree to rely on a one-stage definition.

Residents of homes and hostels

Like you, we are working on a definition which is based on the DHSS approach, and hope it will be possible soon to resolve the questions which are outstanding about the precise definition of 'hostels'.

As you have made clear, exemptions in Scotland depend on the premises remaining in rating. I accept that disabled relief or charitable relief will apply to a high proportion of the premises we have in mind, but not all will benefit in this way. The combination which you propose of exclusion from rates for a widely drawn class of residential premises combined with personal exemptions will create some anomalies as premises and their residents will be subject to no form of local taxation south of the Border

but will continue to have a rates liability in Scotland. Account will have to be taken of this when the relevant social security benefit rates are being set.

You refer to the Rating (Disabled Persons) Act 1978. Since the Green Paper was published, and particularly during the passage of our legislation, we have emphasised that the existing structure of exemptions and reliefs from rates will continue. I must emphasise for the avoidance of doubt that this applies to the Rating (Disabled Persons) Act 1978, with its associated specific grant, as well as to other forms of relief.

Students

Discussions on the definition are continuing at official level and I hope it will be possible to bring forward agreed proposals before too long. We certainly have it in mind that the definition should only cover those on reasonably long courses, to avoid the administrative complications associated with changing the registration and bills of those on short courses.

Formal consultation will be required in due course with universities and colleges in Scotland about the associated administrative arrangements. Our preliminary soundings indicate that a proposal to require colleges to supply information about students would be very unwelcome to the institutions as well as (predictably) to student bodies. There is some prospect that the institutions may be prepared to agree to verify the status of individuals in response to approaches from registration officers and that that, coupled with the use of matriculation cards or other documentation at the time of registration may be sufficient. The imposition of requirements would, of course, necessitate an amendment to our Act.

Paying for the exemptions

We agree with John Major and Kenneth Baker that compensation to local authorities for the relief given to students should not be by way of a specific grant, but should be through the RSG mechanism as you propose in relation to other reliefs and exemptions. We have made no provision for a specific grant in Scotland and frankly see no logical problem about an adjustment to the population base on the lines you mention.

I am sending a copy of this letter to the Prime Minister, Members of E(LF) and Sir Robert Armstrong.

Yours ever,
Ian

IAN LANG

LOCAL GOVT

RATES

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