



AWAIT COMMENTS
D/F 2.10.57
for 2/10
cc B

NEW ST. ANDREW'S HOUSE
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Note.

The Eland agreed that
the Lord President would
handle this.

JW
2/10.

Prime Minister

STUDENTS AND THE COMMUNITY CHARGE

1. As you know, in the course of the passage of the Abolition of Domestic Rates Etc (Scotland) Bill we decided, on a proposal by Kenneth Baker, that all students should be liable for only 20% of the personal community charge, thus putting them in a position comparable to that of people who are eligible for the maximum rebate.
2. The precise definition of "student" for these purposes, which is to be set out in regulations, has been the subject of discussions at official level among the various interested Departments. The attached Annex sets out my view of the arguments. Basically, it seems to me that we have a choice between 2 courses:-
 - a. restricting the concession to students on courses of full-time study lasting for significant periods, as was I think envisaged when the concession was discussed by the House of Lords; or
 - b. extending the concession to all students meeting the present DHSS criteria of full-time study in any particular week.
3. I favour the first course. It will clearly deliver what I understand to have been our policy intentions at the time of granting the concession, and will be administratively simple for the community charge registration and collection systems. I estimate that it would cover about 82,000 students in Scotland. The second option would require changes in registration and collection status for people who were students for very short periods, raising considerable difficulties for the registration and collection systems. And it could open up the prospect of people enrolling for short courses (whatever their financial means) purely for the purposes of achieving student status and the attendant concession. At present I estimate that about 22,000 people undertake short courses of this kind in Scotland in the course of each academic year.
4. As the annex makes clear, an essential corollary to the choice of the first option would be that people following short courses who lose their entitlement to benefits for that period should remain eligible for

community charge rebates. I think that this is an essential price to pay: it would be unacceptable to leave people in this position with a full personal community charge bill but with no help in paying it, and appropriate cases for assistance can be more easily dealt with through the rebate system than through the inevitably more complex procedures of registration for, and collection of, a reduced charge.

5. I would be grateful for your agreement and that of colleagues to the course of action I propose.

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

M.R.

24 September 1987

CONFIDENTIAL

STUDENTS AND THE COMMUNITY CHARGE

Proposals by the Secretary of State for Scotland

1. We agreed in April (E(LF)(87) 7th Meeting) that students should pay only a prescribed proportion of the community charge, to put them in a position comparable to that of people who are eligible for the maximum rebate. The relevant provisions were incorporated at a late stage in the Abolition of Domestic Rates Etc (Scotland) Bill, alongside the provisions which had been in the Bill from the outset requiring that, in the interests of administrative simplicity, students should be registered throughout the year at their term-time address. The same definitions will apply both for the purposes of the reduced charge and for deciding the place of registration. The relevant provisions of what is now the 1987 Act are set out in Appendix 1: the key definition there is the words 'full-time course of education'.

Timing

2. The regulations incorporating the definition for Scotland need to be made soon, since it has a bearing on items which are on the critical path in preparing for the introduction of the new system in Scotland (design of computer systems and canvass forms, for example). There also needs to be plenty of time for liaison arrangements to be worked out between registration officers and the academic institutions involved. As Ian Lang made clear in his letter of 3 August on community charge exemptions, we do not propose in Scotland to make the provision of information by colleges and universities about people's status as students a statutory requirement: we envisage rather that institutions will be able on an administrative basis to confirm the status of particular individuals to the registration officer. Any definition which is adopted must, of course, be subject to our longer term consideration of the position of students flowing from the work of the Jackson Committee, but I hope that that will not stand in the way of agreeing an approach which can be made to work now in the Scottish context.

Preferred definition of 'student'

3. The justification for the original registration provisions in the Bill was administrative simplicity. They were based on the proposition in paragraph G38 of the Green Paper "Paying for Local Government" that for students who are not home-based at their college or university it would be complex and costly for the system to have to provide for registration and de-registration at the beginning and end of each term, or for the apportionment of liability between two authorities. In explaining and justifying these provisions of the Bill we relied very heavily on these arguments. It was clear therefore that the definition should be framed so as to catch only students who were involved in reasonably long courses - say two terms or more. If the definition missed someone who in theory ought to have been caught by it, the worst that would have happened would have been extra work for the registration system, with only a marginal difference in the individual's liability for the charge (representing the difference between the charge at his home address and his term-time address). Also, of course, the large number of students who are home based would not have been affected one way or the other.

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4. But our decision at E(LF) to accept the proposal made by the Secretary of State for Education and Science that students should pay a reduced charge throws a much greater burden on the definition. We nevertheless took the view, in bringing forward the concession in response to pressure in the House of Lords, that the same basic definition which had been envisaged for purely registration purposes should also be applied as a criterion for eligibility for a reduced level of personal community charge. The main pressure in the Lords related to people who were students in the commonly-accepted sense of that term, and in particular to students from overseas attending university courses here. In presenting our concession to the House of Lords, the then Minister of State at the Scottish Office made it clear that such students would be covered. He came under pressure about the position of those undertaking various forms of training such as student nurses and apprentices or other industrial trainees; this was resisted on the grounds that such people were receiving pay or allowances during their training and that the concession was essentially confined to students in the sense envisaged above.

5. We now need to decide precisely who should be covered. My proposal is that we should maintain the general line underlying the Government's position during Parliamentary discussion of the concession: that is, that it should apply only to people who are students in the sense that they are undertaking full-time study over a considerable period, without that study simply being an interlude in or adjunct to employment or other activities. That approach requires a definition to be built up in two stages:-

- i. We need to define the scope of the courses of education we have in mind. For ease of administration, and to avoid unnecessary confusion, it would be highly desirable to use a ready-made set of definitions. The most obvious base from which to start is the range of courses attendance at which may attract student awards and similar grants.
- ii. We need to define what is meant by 'full-time'. I propose that this should mean a specified number of hours in the week when attendance is required together with a specified minimum number of weeks in the year.

6. Appendix 2 sets out my proposals, based on these principles, in more detail. It is subject to further discussion at official level, and (because of the range and diversity of courses which may be covered) is likely to be further refined as a result of consultation with educational and other interests. I am however confident that it represents a practicable basis for a definition along the lines described in paragraphs 3 and 4 above.

Possible alternative definition

7. I have also considered an alternative approach, which would be simply to base the definition on that used by DHSS for the purpose of excluding from supplementary benefit (and in due course housing benefit) those in 'full-time education'. This is defined as participation in a course of education or training requiring 21 hours or more of supervised study in any week or which the institution providing the course considers is full-time. While the use of this definition may appear attractive it has a number of severe drawbacks:-

- i. It would bring in a substantial number of people attending short courses, thereby increasing the administrative burden of the system in relation both to registration and to determination of liability.
- ii. It would cover many people for whom reduced liability is not appropriate - for example those on short training courses supported during that time by their employers, or people with ample financial resources undertaking short courses for their own interest.
- iii. It would be open to abuse. At present the definition is only relevant to benefit recipients and the balance of advantage for them lies clearly in not meeting the criteria for exclusion. But for those outside the benefit range there would be significant financial advantage in meeting the criteria and there would be a danger either that token courses to enable them to do so might be set up, or else that the pattern of applications for bona fide courses would be distorted by applications from people seeking merely to establish their student status.
- iv. It would clearly go considerably wider than the range of students for whom the concession was envisaged by Parliament.

Relationship with the rebate scheme

8. For these reasons I recommend against using the definition described in paragraph 7 above. I must however draw attention to one consequence of that. It would mean that, if that definition were to be applied in due course to achieve the exclusion of 'students' from housing benefit there would be a mismatch between the criteria for eligibility for the reduced charge and for exclusion from entitlement to community charge rebate. Some benefit recipients who became students under that definition would lose entitlement to community charge rebate while failing to obtain reduced liability for the personal community charge under the definition which I propose. In my view the simplest solution would be to build into the community charge rebate scheme (to be set out in regulations) a definition of student which would exclude from eligibility for rebates only those enjoying the reduced charge liability on the basis of the definition I have proposed. This would ensure that there was no category of people who were simultaneously denied the protection of the rebate scheme and the reduced charge concession for students.

Conclusion

9. Accordingly I invite colleagues to agree that the general approach to the definition of students recommended in paragraph 5 and Appendix 2. I propose shortly to embark on consultations with representatives of the relevant academic institutions in Scotland with the Assessors (who are now registration officers), with the Convention of Scottish Local Authorities and with other interested bodies including the National Union of Students. Subject to the outcome of those consultations I seek authority to make the relevant regulations in due course.

Scottish Office
September 1987

ABOLITION OF DOMESTIC RATES ETC (SCOTLAND) ACT 1987

POSITION OF STUDENTS

Section 8 of the Act makes the following provisions for students:-

8. (4) For the purposes of this section, a person undertaking a full-time course of education shall be regarded as being solely or mainly resident in the area of the local authority in which he is resident during term time for the purpose of undertaking the course, until he ceases to undertake the course.

(5) A person undertaking a full-time course of education shall, in respect of the period beginning when he undertakes the course and ending when he ceases to do so, be liable for only such percentage as may be prescribed of the amount of the personal community charge for which he would otherwise be liable.

(6) The -

(a) meanings of 'full-time course of education', 'person undertaking a full-time course of education', 'term time' and 'ceases to undertake the course'; and

(b) manner in which the registration officer shall determine when a person ceases to undertake such a full-time course of education,

shall be such as may be prescribed.

STUDENTS AND THE COMMUNITY CHARGE: POSSIBLE DEFINITIONS

1. FULL-TIME COURSE OF EDUCATION

Proposed definition

"A course for which eligible students receive awards in the Scottish Education Department's Students' Allowances Scheme or Postgraduate Students' Allowances Scheme, or for which eligible students receive mandatory awards from local authorities in England and Wales; or

a course for which eligible students may receive studentship awards from a Government Department, a Research Council or the British Academy; or

any other course at a university, central institution, college of education or further education college, provided that students must carry out more than 21 hours per week of supervised study in at least 26 weeks in each academic year of the course"

Comment

Such a definition would include courses which qualify for SED awards which are not in educational establishments, eg Roman Catholic seminaries or NHS training colleges (professions supplementary to medicine and clinical years of medical courses), but would exclude all short courses with the exception of the very few short courses for which SED awards are available. It would include courses for which support is at the discretion of education authorities whether or not bursaries are paid to some or all students, provided that it is of reasonable length and is full-time (however defined).

2. PERSON UNDERTAKING A FULL-TIME COURSE OF EDUCATION

Proposed definition

"A person who has enrolled for such a course and has not ceased to be so enrolled, unless the person is continuously absent from the course (for whatever reason) for a period of twelve months or more."

Comment

This is a broad-brush definition making no distinction between absence which is part of the course - such as the various kinds of work experience provided on sandwich courses - and absence which may be the result of sickness, 'sabbaticals' or other factors. The pattern of absences may be very variable, and it does not seem practicable to draw distinctions among the various types of absence which may arise. The proposed definition therefore allows for all absences which do not involve cessation of enrolment, up to a maximum period of twelve months, not to affect the categorisation of a person as undertaking a full-time course of education. There may be grey areas in cases where students leave a course but do not notify either the registration officer or the educational establishment. In such circumstances however it would be difficult to

devise a procedure for taking a person out of the definition other than by applying the criterion, determined by the establishment itself of removal from enrolment.

3. CEASES TO UNDERTAKE THE COURSE

Comment

This may not have to be separately defined, in the light of the above definition which depends on cessation of enrolment. It will mean in most cases that students will continue to be treated as such throughout the summer vacation after their classes have finished. Again, it would be difficult to draw formal distinctions of definition among the various circumstances which may arise - some students may not graduate till autumn (whether or not after undertaking resit examinations) and others will be going on to a course of training or other postgraduate study which will again bring them to within the definition of students. The best broad-brush approach seems to be to rely on enrolment as the criterion. This avoids building into the system any incentive for late graduation and the complexity which would necessarily be involved in removing people from the definition for a relatively short period.

4. TERM TIME

Proposed definition

"The period during which the person undertaking a full-time course of education is required to attend an educational establishment or other place on a week-by-week basis as a condition of undertaking his course, breaks in such a period of less than 4 weeks being ignored."

Comment

This allows for registration to change when a student undertakes a placement lasting a significant period (as well as for ordinary changes of settled address during term-time itself), while discounting short field trips and other temporary changes of location during term-time.



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