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The Rt Hon George Younger MP  
Secretary of State  
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My ref:  
Your ref:

9 November 1987

*Dear George*

*NBRM*

RATE REFORM: SERVICE PERSONNEL

Thank you for your letter of 28 October.

I do not believe there has been any misunderstanding, either about the basis of your objections to the application of the community charge to service personnel, or about what our officials agreed. On the latter point, we were assured more than once, in writing, that you did not consider it necessary to seek an exemption for servicemen. My officials knew that yours were reconsidering their position, but had no option but to proceed on the basis of the views that had been expressed in correspondence.

On the former point, it is clear that your proposal would break the vital link between residing in a local authority area and paying the community charge set by the authority. This would set a precedent for a host of other groups, from Ministers of Religion to tax inspectors, as well as giving an unequivocal signal that, where its own staff are concerned, the Government has no faith in the ability of the new system to cope with mobile people.

It is difficult to assess precisely what your proposals would mean in legislative terms, but I cannot see how we could give effect to your scheme, other than by providing for a straight service exemption and leaving the payments you envisage to be made by the Crown on a non-statutory basis. Moreover, unless we were to delay Introduction of the Bill, such an exemption would have to be made by Government amendment - drawing even further unwelcome attention to it.

I agree it would be sensible for E(LF) to meet to discuss the issues at stake. I will submit a paper; my officials will consult yours about the points of agreement and disagreement.

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

*Johnson*  
*Nicholas Ridley*

NICHOLAS RIDLEY

