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CCBA

*NBPM at his stage*

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16/3*

CONFIDENTIAL

The Rt Hon Nicholas Ridley MP  
Secretary of State for the  
Environment  
2 Marsham Street  
LONDON  
SW1P 3EB

15 March 1988

*Dear Nicholas,*

THE COMMUNITY CHARGE: MEMBERS OF RELIGIOUS ORDERS

I refer to your minute of 7 March to the Prime Minister about the proposed exemption for members of religious orders.

It will clearly not be an easy task to frame provisions which are sufficiently wide to cover all the religious communities which it is intended should benefit from the exemption and at the same time not so wide as to be open to abuse by pseudo-religious groups. The proposals set out in your letter do, however, go a long way to meeting these twin objectives and I am therefore broadly content with them. In particular, I agree that the exemption should not be limited to Christian orders, that it should extend to monks and nuns who covenant their income to their orders, and that there should be a power to amend the definition by order.

I am however concerned about the difficulties which Registration Officers may face in administering the proposed provisions. There are two tests, 'principal occupation' and 'poverty'. I very much doubt whether Registration Officers can be expected to administer either of these tests at the level of individual members, rather than to communities as a whole. How is he to check whether an individual's principal occupation is one of the activities listed? And can he reasonably be expected to require monks and nuns to provide evidence to prove that they satisfy the poverty test?

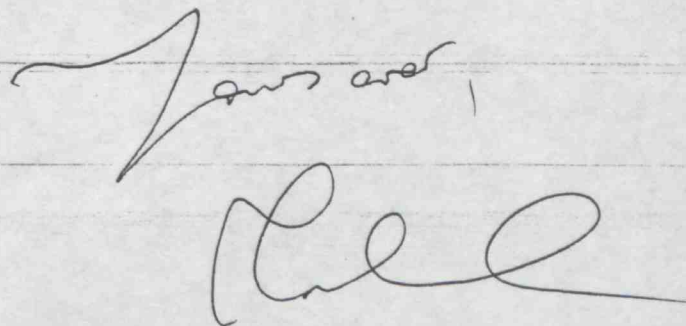
I think it would simplify the administration of the exemption if the 2 tests which you are proposing were applied to the religious community as a whole rather than to individual members of the community. In other words, the exemption would apply to religious communities whose principal occupation is dedicated to prayer, contemplation, the relief of suffering or such other activity as may be prescribed; whose members are wholly dependant on the community for their material needs; and whose rules preclude members from having any income or capital of their own. Having established which religious communities meet these criteria, it would then be a relatively simple matter for the Registration Officer to check whether particular individuals were members of the community - and this would be the only test he would have to apply to individuals.

It has to be admitted that this course is not without its own difficulties. Being a member of a community whose rules preclude members from having any income is of course a less severe test than actually having no income and applying the relevant tests to communities, rather than individuals may therefore increase the risk of abuse. Such disadvantages must, however, be weighed against the advantages which will accrue in terms of ease of administration. And if evidence of abuse did emerge, it would of course be possible to deal with it by using the power to amend the definition.

I would therefore suggest that when you consult on detailed proposals you should do so on the basis of alternative approaches - one involving the application of tests to individuals and the other involving the application of tests to communities. A final decision on the course to be followed could then be taken in the light of their comments.

I shall of course be undertaking a similar consultation exercise in Scotland, with a view to bringing forward a corresponding amendment to the Abolition of Domestic Rates Etc (Scotland) Act 1987.

I am copying this letter to the Prime Minister, the other members of E(LF) and to Sir Robin Butler.

A handwritten signature in black ink, appearing to read 'Malcolm Rifkind', written in a cursive style. The signature is positioned above the printed name.

MALCOLM RIFKIND

Local Gov. Rates Pr 9.

