

PRIME MINISTER

7 June 1988

COMMUNITY CHARGE EXEMPTIONS

Nicholas Ridley has minuted you seeking your agreement to a limited number of further exemptions from the Community Charge in order to ease the passage of the Bill through the Lords. Lord Belstead's minute argues that these concessions are the minimum needed to avoid defeat.

Concessions are proposed in three areas:

1. Nicholas Ridley proposes exempting from the Community Charge people who sleep rough. The essential point here is that the Bill as presently drafted does not necessarily make people who sleep rough liable to the Community Charge. To secure the position would require an amendment that would certainly be defeated. Exemption can be justified on grounds of practicality - that it will be extremely difficult for local authorities to keep track of and collect the Community Charge from people who sleep rough. Against this, it may be argued that such people are entitled to income support, including the element to cover 20% of the Community Charge. However, local authority attempts to collect the Community Charge from those sleeping rough are likely to provide unwelcome publicity and on balance we agree with the proposed exemption.
2. Nicholas Ridley proposes to take a regulation making power to levy a collective Community Charge of only 20% on hostels all or most of whose residents can be expected to be eligible for maximum rebates. Typically, this will apply to Salvation Army hostels providing temporary accommodation for the single homeless but not to hostels whose residents stay on a more long term basis and are, perhaps, in work. This seems a

sensible administrative and presentational change and we recommend that you support it.

3. Nicholas Ridley also proposes making a limited exemption from the Community Charge for young people working full time as volunteers for charities and churches. This is more difficult to justify since such volunteers typically earn £16 a week plus board plus lodging compared to about £26 a week plus lodging (but not board) that unemployed 18-24 year olds receive through income support. Moreover, it may be difficult to restrict such an exemption to young people - there will be continual pressure to raise whatever age limit is set. So there are no clear arguments on Community Charge grounds for giving way here. However, there is a lot to be said for encouraging more voluntary effort - indeed the acceptance of social responsibility by the better-off members of the community was a theme of your recent Church of Scotland speech. Providing some incentive to voluntary work ^{by} young people by exempting them from the Community Charge would help develop this habit young. Given the pressure that there is, in any case, to exempt young volunteers, we recommend that you also agree to this proposed exemption.

Conclusion

We recommend that you agree to all the exemptions proposed in Nicholas Ridley's minute of 2 June.

Peter Stredder

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LOCAL GOVT Rates p^h 10

