



the department for Enterprise

CONFIDENTIAL

The Rt. Hon. Kenneth Clarke QC MP
Chancellor of the Duchy of Lancaster and
Minister of Trade and Industry

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

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5147
Our ref
Your ref
Date 9 June 1988

Dear Nick, *cap.*

COMMUNITY CHARGE: EXEMPTIONS

In your minute of 2 June to the Prime Minister, you sought agreement to Government amendments to the Local Government Finance Bill, exempting from the Community Charge altogether people who sleep rough, and volunteers; and providing for automatic 80% reductions in liability for people who stay in certain kinds of hostel.

I have no comment on your proposals for people who sleep rough and those who stay in hostels but I do have some misgivings about the proposal to exempt volunteers. It is very commendable for young people to give up a year of their time to voluntary work. But if they are to be completely exempt from the Community Charge, they will be treated more favourably than young adults in modestly paid jobs, and more favourably than students. I see no real justification for this. Moreover, and by contrast with the other groups your letter deals with, volunteers are likely to be young people with a lively interest in the work of their local authority; so there is a strong argument from accountability for ensuring that they remain

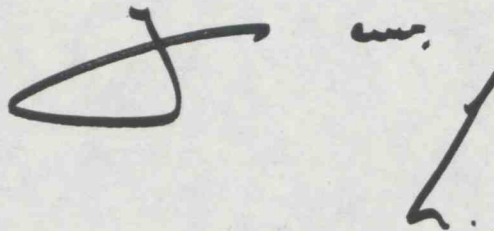
Govt: Rates Pt. 10

dti

the department for Enterprise

liable to the minimum 20% Community Charge. I do not underestimate the political difficulty of taking a firm line on this, but the concession you suggest would, in my view, be a significant departure from the principle of a universal Community Charge.

I am copying this letter to the recipients of your minute.



KENNETH CLARKE



CD9AAL