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Treasury Chambers, Parliament Street, SW1P 3AG

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

*cc BGA*  
*Robbie will*  
*12/6*  
*13<sup>th</sup> June 1988*

*Dear Nick,*

**COMMUNITY CHARGE: EXEMPTIONS**

Thank you for copying to me your minute of 2 June to the Prime Minister.

I have no objection to two of the three exemptions - for people who sleep rough or who stay in hostels - that you propose. As your minute explains, the cost would be quite small and should be offset, at least in part, by simpler administration of the community charge and of the rebate system. I do see the force in Kenneth Clarke's and Malcolm Rifkind's arguments against exempting volunteers, but I am prepared to accept your judgment on the risk of defeat in the Lords if we try to resist a hostile amendment.

I would, however, be concerned if the exemptions went any wider than you intended. You draw attention to the need to define narrowly the community service volunteers who would benefit, when the legislation is drafted. Such people receive full board and lodging, and will in practice be better off than others who are required to pay the charge. I do see some danger of this having difficult repercussions.

I have also already written to Nick Scott to express some reservations about the mechanism that you propose to adopt for people staying in hostels. I will reply to his letter of 9 June shortly.

I would therefore have no objection to you announcing either an exemption or an automatic rebate for people staying in hostels run by the salvation army and similar organisations. But, for the reasons explained more fully in my earlier letter to Nick,

*file with PG*

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I do not think that we should now adopt his scheme quite as it stands. We need to be satisfied that it would not allow local councils (particularly those in inner London where many collective community charge premises will be located) to offer automatic full rebates to a much larger number of people, at the expense of the Exchequer. I would still like your officials, his and mine to work up a scheme which meets these concerns, as I have already suggested.

I am copying this letter to the Prime Minister, other members of E(LF), the Lord Privy Seal, Bertie Denham, David Waddington, and Sir Robin Butler.

*Yours Ever,*  
*John*

JOHN MAJOR

