



cc/s.

CONFIDENTIAL

Prime Minister

LOCAL GOVERNMENT FINANCE BILL: LORDS AMENDMENTS

I refer to the minute of 7 July to you from the Secretary of State for the Environment. I support the package of proposals he outlines for handling the outstanding issues at the remaining stages on this Bill, subject to the following comments.

On student nurses, as I said in my letter of 4 July, I think there is advantage in making clear without further temporisation that we are accepting the extension of the student concession before the introduction of Project 2000. Nicholas Ridley's minute of 4 July acknowledges that there might well be arguments for doing this, though he suggests that we should not announce our position straightaway. I find it hard to see the advantage in temporising, particularly when we are so close to the introduction of the new system in Scotland and those involved in operating it must have as much notice as possible of an important change of this kind. For both political and practical reasons, I would find it quite unacceptable for an announcement to be delayed until after the Bill was enacted.

On hostels the relationship between the collective community charge and the rating system in Scotland is rather different from that south of the Border. I agree the policy objective of the concession Nicholas Ridley proposes, and that amendments (which will be paralleled for Scotland) should be made, we may need to use the new powers in slightly different ways from south of the Border.

Finally, if it is agreed that the level of mandatory rate relief for charities should rise to 75%, we shall have to consider how to pave the way for that to happen in Scotland too.

I am copying this minute to Members of E(LF), the Lord Privy Seal, the Chief Whips in the Commons and the Lords and to Sir Robin Butler.

Lynn Shankland

M R

(approved by the Secretary of State
and signed in his absence)

8 July 1988

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