

CONFIDENTIAL



cc/o.

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

NBRM  
 REC'd  
 12/7

11<sup>th</sup> July 1988

Dear Secretary of State,

## LOCAL GOVERNMENT FINANCE BILL: LORDS AMENDMENT

Thank you for copying to me your minutes of 4 and 7 July to the Prime Minister. I have also seen Malcolm Rifkind's letter of 4 July to you about student nurses and John Moore's letter of 7 July about student nurses and residents of short-stay hostels.

I accept your proposal that we exempt those staying in very short-stay hostels completely from the Community Charge. I understand you envisage that we will use a stricter definition of short-stay for this than was envisaged for our earlier concession.

I also agree that we should not seek to reverse the amendment on student nurses. At the same time I would prefer to maintain the principle that salaried individuals are neither exempted nor granted automatic rebates without regard to their income. We have already accepted that student nurses, who, under Project 2000, receive bursaries rather than salaries would be eligible for the 20 per cent student rate of Community Charge. As you say, we should therefore aim to defer decisions on the way in which the power in the Lords amendment will be used until we can take them in the light of developments on Project 2000.

I agree that we are bound to reverse on Commons Consideration the hostile Lords Amendment granting automatic full rebates for the physically disabled. There does seem to be no rationale


CONFIDENTIAL

whatsoever for this amendment, other than special pleading for a particular group of people who, if they are short of money with which to pay the Community Charge, will be eligible for rebates.

I feel that the concession we have already agreed for the charity rates lobby should be more than sufficient. Charities have long had substantial tax concessions and we have made a number of changes to the tax system in recent Budgets to assist the giving of money to charity. On the other hand, if we are indeed heavily defeated we may be faced with force majeure. In those circumstances, therefore, I would be prepared to go as far as 75 per cent mandatory relief in the way that you suggest. But if the Lords supporters of the charities are not as formidable as you fear, it may not be necessary to bring forward the concession that you envisage.

I am copying this letter to the Prime Minister, members of E(LF), the Chief Whips in the Commons and the Lords, and to Sir Robin Butler.

Yours sincerely



*John Major*

*for* JOHN MAJOR

(Approved by the Chief Secretary  
and signed in his absence)