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PRIME MINISTER

No small business will be able to operate in
the main shopping areas - they will all be
squeezed out by charity shops.

LOCAL GOVERNMENT FINANCE BILL: LORDS AMENDMENTS

You agreed at the end of last week the proposed handling of four community charge amendments in the Lords, covering student nurses, hostels, the disabled and charities.

Charities

The line agreed last week on charities was to increase mandatory relief to 75 per cent, the cost of which would all fall on the national non-domestic rate, leaving 25 per cent discretionary to be paid by community charge payers: ~~that~~ but the tactics were to hold this concession in reserve for the Commons.

Mr. Ridley's minute of 12 July attached reports later developments on charities. You will see that, faced with very strong pressure from Conservative backbenchers in the Lords, Mr. Ridley now judges that it will probably be necessary to concede 80 per cent mandatory relief, along the lines of amendments already tabled by Lord Allen of Abbeydale. The Chief Secretary apparently accepts that this further concession will have to be made.

Now - it is industry &
commerce that will bear the burden
i.e. consumer prices will have to
change.

Student nurses

You agreed last week that no further statement should be made at this stage ^{about the} enabling power passed by the Lords which allows Mr. Ridley to exempt student nurses from up to 80 per cent of the community charge straightaway. This is the approach supported by Messrs. Ridley, Moore and Major.

My letter recording your view crossed in the post with the further minute of 8 July from Mr. Rifkind (attached) in which he repeats his view that the Government should make clear straightaway that a full concession for student nurses ~~should~~ would be implemented from the beginning of the community charge system. I understand that his view is largely based on the desirability in the Scottish context of being able to clarify

CONFIDENTIAL

- 2 -

the treatment of all those liable to the community charge from April 1989 as soon as possible. But what Mr. Ridley and the other Ministers wish to do is have further discussions over the summer and reach a decision on the treatment of student nurses in September. This seems to me to provide more than adequate notice before Scottish implementation in April 1989.

Content:

- (i) with the further concession of 80 per cent mandatory relief of charities? *I think it is very high - especially in view of the very varied charities. Can we not hold on?*
- (ii) To hold to your earlier line that no immediate statement should be made on the use to be made of the ^{exercising} ~~handling~~ power for student nurses, and to suggest further detailed discussions with a view to decision and announcement in September? *75%*

*Yes
not*

PLCB.

PAUL GRAY

12 July 1988