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16 September 1986

The Rt Hon the Viscount Whitelaw PC CH MC
Lord President of the Council
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D Willie,

STUDENTS AND THE COMMUNITY CHARGE

attached

I regret that I shall not be able to be present tomorrow when Malcolm Rifkind's paper (E(LF)(86)6) is to be discussed.

I share the view that we should start from the proposition that the Community Charge should be a universal obligation. But the pursuit of this principle should not blind us to the balance of argument in respect of particular groups. I note that Malcolm Rifkind recognises this in E(LF)(86)5 in his request for contingency powers for a scheme of reliefs.

While, in principle, there is no reason why students should not pay for local government services, I think it will be understood that students in general depend on others for their income, and are to be disentitled from social security as a means of offsetting these extra costs.

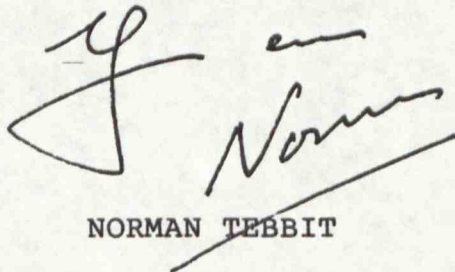
I believe on this basis that we should exempt students from the Community Charge. We have ample experience of the intractability and sensitivity of meeting the cost of student support. We can be sure that there would be loud complaints about this extra burden. The flat-rate addition would be criticised wherever it failed to match the charge (and we can expect no compensating welcome where it may give students a compensating windfall gain). Indeed, were the system to be carried over to England and Wales where the diversity in levels of the Community Charge would be greater, the distortion of student incomes would be criticised; or the system will have to be amended, importing further complexity into the system.

I am particularly concerned also at the impact of this potentially heavy extra cost on the parents of students who are not in receipt of awards, which will bear hard upon those (many of whom are our supporters) who have complained bitterly already about the impact of means-testing and our student awards system.

There are practical difficulties with both alternatives. But I am convinced that the political difficulties we would encounter in seeking to impose the community charge on students, added to its cost and practical difficulty, make it preferable to exempt them.

In advance of the outcome of the review of student support, I think we should be able to advance strongly the argument that it would seriously add to the problems of that review if we were to impose the community charge on students.

I am sending a copy of this letter to the Prime Minister, members of E(LF) and to Sir Robert Armstrong.



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