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CBG

CONFIDENTIAL

The Rt Hon Viscount Whitelaw PC CH MC DL  
Lord President of the Council  
Privy Council Office  
Whitehall  
LONDON  
SW1

NBM

7 November 1986

Dear Lord President,

'PAYING FOR LOCAL GOVERNMENT': SUGGESTED EXEMPTIONS FROM THE COMMUNITY CHARGE FOR RESIDENTS OF HOMES AND HOSTELS

1. I refer to the letter of 29 October from Nicholas Ridley to Norman Fowler.

2. It is quite clear that throughout the passage of my Bill, and as proposals are announced for England and Wales there will be very strong pressure for exemptions or reliefs for a variety of groups of the kind mentioned by Nicholas Ridley. Particularly in the light of the E(LF) discussion on 17 September I am prepared to agree with him that our starting point should be that the community charge is applicable to virtually all adults with only the most tightly defined exceptions. Nevertheless, there will be some groups, including particularly elderly persons dependent on social security with very small disposable incomes at the level of pocket money, for whom liability to pay a proportion of the community charge will have severe effects. I believe that it will be essential to offset the liability in cases of this kind through an increase in social security payments and I would wish to reach agreement in principle on the action which is to be taken before the commencement of Parliamentary proceedings on the Scottish Bill.

3. Nicholas Ridley suggests that we may have to be flexible in a number of areas, such as old people's homes. I think that the framework of provisions in my Bill will allow us this sort of flexibility: it will be open to us to decide that properties such as old people's homes should remain within the rating system, and this will automatically remove their residence from the scope of the community charge. A similar flexibility will apply in relation to hostels and other types of institutional accommodation.

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4. Nicholas Ridley's letter envisages that certain exemptions will, however, be built in from the start. He mentions in particular prisoners and resident hospital patients. Both these categories touch upon the question of how the Bill will apply to the Crown. Our general approach will be to make it clear that Crown servants and residents in Crown property are liable for the personal community charge, but in order to achieve the exemption of prisoners and resident patients in NHS hospitals it will be necessary to build a power of exemption by Order into the Crown application provisions. (Private hospitals can already be covered by the framework explained above.)

5. The proposal to exempt prisoners and resident hospital patients arises essentially because the principle of accountability scarcely applies to them: prisoners do not have the vote and hospital patients make little use of local authority services. It seems to me that there is a very strong case for one further exemption, on essentially similar grounds, applying to the mentally handicapped. It will be hard to argue that accountability can mean much to them. I therefore propose that my Bill should include a specific provision exempting the mentally handicapped from the application of the community charge.

6. My immediate requirement is to finalise the drafting of the Bill. May I take it that I have authority to incorporate the provisions mentioned in paragraphs 4 and 5 above in the absence of comments by Wednesday 11 November.

7. I am copying this letter to Nicholas Ridley, Norman Fowler, the other members of E(LF) and Sir Robert Armstrong.

*L Gilchrist*

MALCOLM RIFKIND

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

Rating: Local Gov.  
P430.

