CONFIDENTIAL





QUEEN ANNE'S GATE LONDON SWIH 9AT

17 March 1987

Lear Michela,

COMMUNITY CHARGE: NON-DOMESTIC RATING OF HOMES AND HOSTELS

I have seen a copy of the letter John Major wrote to you on 2 March.

I agree that the opportunity should be taken during the remaining Parliamentary stages of the Scottish Bill to announce the Government's intention to prescribe residential care homes, registered nursing homes and hostels that fall within the social security definition as non-domestically rated. I accept the arguments set out by John Major and would only add that these institutions are catering for the most vulnerable people in our society. We should not do anything that might increase the problems of the many charitable organisations who are seeking to meet the needs of such people, and I do not think our supporters would understand why such exceptions could not be made.

I am sending copies of this letter to Malcolm Rifkind, members of E(LF), John Major and Sir Robert Armstrong.