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John Major Esq MP
Minister of State for Social Security
and the Disabled
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
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My ref:

Your ref:

20 March 1987

NBRN
Dear Mr Major,

COMMUNITY CHARGE: RESIDENTS OF "HOMES" AND HOSTELS

Thank you for your letter of 2 March proposing that residents of residential care homes, residential nursing homes and hostels should be exempt from the community charge, and that the premises should instead remain subject to rates.

I think we need to look at this against the background of our conclusions in E(LF) on 17 September when we considered the general question of exemptions. E(LF) agreed that it was important that the charge should be a universal obligation, and therefore rejected Malcolm Rifkind's proposal for an enabling power to grant exemptions. We noted, however, that the decision might have to be reviewed in the light of decisions on whether the community charge should be rebated for those on low incomes, and of the reception of the ADRES Bill in Parliament.

Since then, we have agreed that rebates should be available for those on low incomes throughout Greater Britain. Moreover Malcolm has piloted his Bill through the Commons without encountering serious pressure for concessions on this issue - certainly not from our side of the House. Thus the arguments for further exemptions have lost rather than gained in force since we last discussed them.

I wrote to Norman Fowler on 29 October about the specific issues you raise, in response to an earlier approach from your officials. The arguments I set out there still hold good, in particular the difficulty of defending a concession which would favour old and disabled people in "homes" over those being cared for in the community.

I note your comments about the difficulty of implementing changes in benefit arrangements. I would not, however, accept this as making the case for an exemption, since the problem will in any event have to be addressed in adapting board and lodging benefits to a situation in which most of those receiving them will become liable to the community charge (or a collective charge contribution). I look forward to seeing your proposals on that.

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I understand your concern about defining the boundary between hospitals and nursing homes, and I agree that drawing a line anywhere gives rise to anomalies. I doubt, however, whether the definitional problem is insuperable. If you are convinced that it is genuinely impossible to distinguish in legislation between a hospital and a nursing home, my preferred solution would be to withdraw or narrow the exemption for resident hospital patients, rather than to extend it to the residents of nursing homes. My principal concern is to maintain the credibility of the community charge as a universal liability, and I believe that would be severely undermined if we allowed any further exemptions.

Despite the smooth passage so far of the Scottish Bill, I accept that we can expect further pressure on behalf of the residents of homes and hostels. I would be happy for my officials to get together with yours to consider ways of defusing this pressure, perhaps by easing through the administrative arrangements the burden that the community charge may represent for the residents and managers of homes and hostels. At the same time they will need to consider solutions to the definitional problem you have identified. As I have made clear, I do not believe the solution to either problem lies in granting further exemptions from what is intended to be a universal obligation.

I am sending copies to members of E(LF) and to Sir Robert Armstrong.

Yours sincerely,

Nicholas Ridley

NICHOLAS RIDLEY

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