



ACB

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
 Secretary of State for the Environment
 Department of the Environment
 2 Marsham Street
 London
 SW1P 3EB

NBRM.

Dear Nick,

27th July 1987

COMMUNITY CHARGE EXEMPTIONS

Your minute of 20 July to the Prime Minister set out detailed proposals for handling these exemptions. *ATTACHED*

I am content with your proposals for the severely mentally handicapped and those covering residents of "homes" and hostels. I welcome your proposal for a tight definition of students which, I understand, will comprise only those involved in reasonably long courses, and for duties to be placed upon colleges to supply local authorities with the necessary information.

I cannot accept, however, that there should be a specific grant through which local authorities are reimbursed for the costs of the 80 per cent rebate on the community charge proposed for students. This implies that the government should pay local authorities at the charge which authorities choose to set, not that for spending at need. It would be more in line with "Paying for Local Government" if students were dealt with in the same way as other groups who, by virtue of a particular provision rather than their individual incomes, will receive special treatment. This involves adjusting the population base which determines the charge for spending at need and the distribution of the national non-domestic rate and the standard element of revenue support grant. This method does without a specific grant and places the full burden of spending above need where it belongs, on local taxpayers. I hope that you will reconsider this point.

I am copying this letter to members of E(LF) and to Sir Robert Armstrong.

Yours Ever,
John Major

JOHN MAJOR