

CONFIDENTIAL

PRIME MINISTER ²

COMMUNITY CHARGE

The Lord President is taking a meeting of E(LF) next week to consider two of the smaller outstanding issues on the community charge.

First, the treatment of servicemen. Mr. Younger wishes servicemen to be exempt as individuals with MOD paying appropriate lump sums to compensate local authorities. He argues that servicemen are highly mobile and often have no involvement with the community. Mr. Ridley and the Territorial Ministers are adamantly opposed to exemption. It would go against the position the Government took over Scotland, would substantially reduce the universality of the tax and would weaken the position vis-a-vis other equally mobile groups.

The other questions relate to social security. Mr. Ridley proposes that the names and addresses of all income support recipients should be passed by the DHSS local office to the local authority. This raises questions of privacy. But it would ensure that those in receipt of income support do in fact register for the community charge and the local authority could ensure that those eligible applied in good time for community charge rebates. Mr. Ridley also proposes that where people fall into arrears, and distress is unlikely to be successful because people have few possessions and no earnings from employment, there should be provision for direct deductions to be made from DHSS benefits and passed to the local authority to pay off the arrears.

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