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P 02995

PRIME MINISTER

THE COMMUNITY CHARGE: TREATMENT OF MEMBERS OF RELIGIOUS ORDERS

[E(LF)(88)1]

DECISIONS

Also CHIEF SECRETARY 29/1/88
S/S SCOTLAND 3/2/88

Mr Ridley seeks agreement that members of religious orders who are wholly supported by their order should be granted full exemption from the community charge. He wishes to announce this exemption immediately.

2. If you agree that some concession should now be made in response to representations from the Anglican and Roman Catholic churches, you may decide that full exemption is the best option. But it will be important to ensure that the concession is tightly drafted and does not become a loophole for the unscrupulous or for groups for which it was not intended.

BACKGROUND

3. Mr Ridley estimates that there are about 5,000 monks and nuns of Anglican and Catholic orders who are wholly maintained by their orders. At present the orders pay both domestic and non-domestic rates, but subject to reliefs which can be up to 100% at the discretion of the local authority.

4. From 1990 (1989 in Scotland) they will cease to pay domestic rates. But individual monks and nuns will be liable to the full community charge, although they have no income of their own with which to pay. The total amount involved is about £1.25 million. Other people in this position will generally receive assistance in two ways:

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- i. through housing benefit, which will reimburse 80% of the community charge of people with no income;
- ii. through income support, which is being increased to meet the average cost of the remaining 20% of the charge.

But monks and nuns are not eligible for either benefit, because they are not available for work.

MAIN ISSUES

5. The only real alternative to a concession is for the order to pay the community charge bill for monks and nuns it maintains. But that is unlikely to satisfy the critics. Furthermore Mr Ridley quotes figures, admittedly for only one institution, which suggest that imposing the full charge could have a very significant effect on some orders. There therefore appears to be a good case for a concession.

6. Mr Ridley considers five options:

- i. make monks and nuns eligible for income support and housing benefit. This would allow each individual over 25 to draw £33.40 per week, at a total cost of around £12 million if there was full take up. This is clearly not a real option;
- ii. make monks and nuns eligible for housing benefit only. Each could claim up to 80% of the community charge, at a cost of £1 million. DHSS oppose this option on the grounds that administration would be complex and expensive. Monks and nuns or their orders would still have to find 20% of the charge;
- iii. grant automatic 80% relief (as for students). This would also leave monks and nuns or their orders to find 20%. It might also lead to calls to extend similar relief to other groups, eg the clergy;

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iv. a special collective community charge for religious communities, probably rebated by 80%. This would still require the orders to pay 20%. It might also lead to substantial pressure to extend the idea of a rebated collective charge, eg to hostels;

v. full exemption from the community charge. This would be a further erosion of the principle that the charge should be a universal liability, but would ensure that monks and nuns paid nothing.

7. You could go for any of options ii., iii. or iv. if you felt that monks and nuns or their orders should make some contribution to the community charge. But that will clearly not satisfy the churches. Furthermore any of these options is likely to be quoted as a precedent by other groups. The advantage of full exemption is that it will satisfy the churches, and will be so clearly an exceptional case that it should be fairly easy to refuse requests for identical treatment elsewhere. You may therefore want to agree to full exemption.

8. You may want to ask Mr Ridley to confirm two points.

i. The paper seems to suggest that the community charge will be levied on monks and nuns working in paid jobs (eg as teachers or nurses). This seems right.

But they usually don't take their pay - it goes to the order

ii. He also seems to envisage that any concession would extend to members of non-Christian religious groups wholly maintained by an order - eg members of Buddhist orders - but not to pseudo-religious groups. This too seems right. But it is important that the amendment should be tightly drafted and should not become a loophole which could be exploited by the unscrupulous or by groups for which it would be wholly inappropriate (eg moonies, scientologists).

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Timing

9. You may wish to consider the best timing for an announcement. Mr Ridley wishes to make an announcement immediately, provided E(LF) agree to full exemption. He would however prefer to delay the announcement of any lesser concession. Other colleagues may perhaps argue that no concession should be made before the Bill reaches the Lords, where the pressures are likely to be greatest.

VIEWS OF OTHER MINISTERS

10. The Secretaries of State for Social Services and for Wales are likely to support Mr Ridley. Mr Moore will particularly oppose bringing monks and nuns into the scope of community charge rebates. The Secretary of State for Scotland and the Chief Secretary, Treasury have previously resisted a full exemption, favouring the extension of rebates to monks and nuns. However both Ministers are now likely to accept a full exemption if that is the strong view of other colleagues.

*now confirmed
in Chief
Secretary's
letter of
29 Janey.
PFC6*

HANDLING

11. You will want to ask the Environment Secretary to introduce his paper. The Secretaries of State for Scotland and Wales, and the Chief Secretary, Treasury will wish to comment. The business managers may have views about the timing of any concession.

R.T.W.

R T J WILSON
Cabinet Office

29 January 1988

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