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CONFIDENTIAL

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for the Environment
2 Marsham Street
LONDON
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3 February 1988

Dear Nicholas,

COMMUNITY CHARGE: TREATMENT OF MEMBERS OF RELIGIOUS ORDERS

I have considered carefully the paper which you have prepared for E(LF) on the treatment of members of religious orders under the community charge system. I am writing, in advance of Thursday's meeting, to let you know my views.

I doubt, first of all, whether there is any simple solution to the problem identified in your paper which will get round all the difficulties involved in defining the group to which special treatment is to apply - particularly if the special treatment is not to apply to monks and nuns who have their own income. Unless the definition is very tightly drawn, there is a risk that fringe groups will seek to exploit it in order to avoid liability for part or all of the community charge. It is also clear that whatever option we choose, we shall come under pressure to make similar concessions to other groups - ministers of religion being an obvious example.

Having said this, I agree that of the options outlined in your paper the one which gives rise to fewest difficulties is full exemption from the charge. I therefore support your recommendation.

If the Committee agrees that we should proceed in this way, I should be grateful if your officials would liaise closely with mine on the drafting of the definition of the groups which are to benefit from the exemption. We shall require to insert into the Local Government Finance Bill in due course an appropriate amendment to the Abolition of Domestic Rates Etc (Scotland) Act 1987.

Finally, I agree with John Major (his letter of 29 January refers) that in order to avoid giving any impression that we are unduly inclined to react favourably to pressures for further concessions in the community charge system we should defer making any announcement about our proposals until a much later stage in the Bill's progress.

I am copying this letter to the Prime Minister, to colleagues on E(LF) and to Sir Robin Butler.

MALCOLM RIFKIND

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