

CONFIDENTIAL



PRIME MINISTER

COMMUNITY CHARGE: EXEMPTIONS

Nicholas Ridley wrote to you on 2 June with his proposals for responding to the undertakings that had been given at Committee Stage of the Local Government Finance Bill to consider exemptions from the personal community charge.

As Nicholas quite rightly states we came under considerable pressure during the debates on this part of the Bill and can expect an equally difficult time at Report Stage. It is clear that large numbers of Crossbench peers will support the opposition parties on the question of exemptions and I believe that Nicholas' proposed concessions represent the very minimum if we are to avoid defeat. Even then winning over sufficient waverers, including those on our own side, will not be easy. However I fully accept the need to keep intact the principle of accountability underlying the new system and would not advocate going any further than Nicholas proposes at this stage.

I am sending a copy of this minute to the Secretary of State for the Environment, the other members of E(LF), the Chief Whips in both Houses, and to Sir Robin Butler.

A handwritten signature in blue ink, appearing to read "D. Belstead", with a horizontal line drawn underneath it.

BELSTEAD

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6 June 1988

LOCAL GOVT : Rates AT10

