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PRIME MINISTER

7 July 1988

LOCAL GOVERNMENT FINANCE BILL: LORDS AMENDMENTS

Nicholas Ridley has minuted you about the handling of four Lords Amendments to the Local Government Finance Bill.

Student Nurses

Nicholas Ridley proposes tidying up the Lords amendment that gives him a power to exempt Student Nurses from up to 80% of the Community Charge. We have already said that nurses will be treated like other students when Project 2000 comes into force but there really is no case for any exemption as things stand at present. Any other single 18-24 year old earning even at the minimum of the nurses' scale would have to pay the Community Charge in full.

There is no objection to Nicholas Ridley's proposal since it merely gives him an enabling power. But we recommend that you agree to it only on condition that:

- he undertakes to make no further statement on the use of it until the Bill is ready for Royal Assent;
- he agrees that he will not rule out setting student nurses' liability at 100% of the full Community Charge until Project 2000 comes into force.

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Very short stay hostels

In order to meet a commitment given by Lord Caithness Nicholas Ridley proposes to bring forward a further amendment to exempt all those resident in very short stay hostels or night shelters.

We can see a case for exempting those staying free in such shelters since individuals may not have the means to pay and shelters may not be able to cope with collecting amounts in the region of 10p-20p a night. But there is no obvious reason to exempt those staying in hostels that charge - the Community Charge would simply increase the price slightly.

We therefore recommend that you accept Nicholas Ridley's proposal provided he is limited as far as possible to free places in very short stay hostels.

Rebates for the Disabled

We agree that we should not insulate the disabled on income support completely from the effects of the Community Charge. They are treated generously by the income support system and there is no case for treating them any more generously than any other income support claimants.

We therefore recommend that you agree to Nicholas Ridley's proposal to reverse this amendment.

Increase in the level of mandatory relief to charities

At present it is proposed that charities should get 50% mandatory rates relief and 50% relief at individual local authorities' discretion. This 50% discretionary relief would be funded 70% from the national non-domestic rate pool and 30% from local Community Charge payers.



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Nicholas Ridley's proposal to increase the mandatory relief to 75% (the cost of which would all fall on the national non-domestic rate) leaving 25% discretionary to be paid for in full by Community Charge payers seems a sensible compromise and we recommend that you support it.

Conclusions

We recommend that you agree to Nicholas Ridley's proposed handling of the Lords amendments to the Local Government Finance Bill subject to the following points:

- he should not make any further statement on how the discretionary power in relation to student nurses will be used before the Bill is ready for Royal Assent;
- he should not rule out at this stage still making student nurses pay 100% of the Community Charge until Project 2000 comes into force;
- as far as possible the relief for very short stay hostels should be limited to those hostel places that are free of charge.

Peter Stredder.

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