

PRIME MINISTER

COMMUNITY CHARGE: STUDENT NURSES

It was agreed earlier in the summer that, once student nurses move on to the new Project 2000 courses, they will become entitled to 80 per cent community charge relief because they will then meet the criteria for being "full-time students". But before the recess the Lords passed an amendment allowing the Secretary of State to give similar relief to student nurses on salaries following the existing training courses.

You asked Departments to prepare a report on the options for whether or not this power should be used.

Mr. Ridley's letter of 8 September and the attached paper - Flag A - fulfill that remit. The key points are:

1. The two main options are leaving student nurses to pay the full charge until they move on to Project 2000, or granting them all the 80 per cent relief from 1 April 1989 when the community charge comes into effect in Scotland. A number of intermediate options are also identified.
2. Mr. Ridley favours the first option - giving relief only when nurses move on to Project 2000.
3. There are a number of "ancillary groups" of nurses for which detailed proposals are set out. Potentially the most difficult case is midwifery trainees; Mr. Ridley concludes that they should not be brought within the definition of full-time students.

In the subsequent correspondence Mr. Ridley has been supported by the Chief Secretary - Flag B, Mr. Clarke - Flag C, and the Policy Unit - Flag D. Lord Belstead - Flag E - is the only one to favour any of the intermediate options, but would

clearly not fight hard against Mr. Ridley's conclusion.

Mr. Rifkind - Flag F - continues to press for giving all nurses the 80 per cent relief as soon as the community charge comes into effect. He also favours a more lenient line on midwifery trainees. But I sense that Mr. Rifkind is not now arguing his case as strongly as he was before the summer; I suspect he will concur if you join with other Ministers in overruling him.

Content to support Mr. Ridley's proposal that student nurses should not get community charge relief until they move on to Project 2000, together with his proposals on the "ancillary" groups?

Recs.

PG

30 September, 1988.

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