

1. MR POTTER *should pre-empt the*
2. CHIEF SECRETARY *DHSS bid for full exemption.*

FROM: N I HOLGATE

Date: 28 July 1987

cc: PS/Chancellor
Sir P Middleton
Mr F E R Butler
Mr Anson
Mr Gilmore
Mr Hawtin
Miss Peirson
Mr Turnbull
Mr Fellgett
Mr Cropper
Mr Tyrie

Ch
(Must stop exemptions becoming a habit!) *ouch!*

AA

(When LG were challenged on the justification for this, they said they had it from "higher authority" that it was OK!)

MONKS AND NUNS

Mr Howard wrote to Mr Scott on 20 July seeking agreement to amending housing benefit regulations so that monks and nuns will be able to claim Community Charge rebates. I recommend that you agree with Mr Howard's proposal.

Background

2. As Mr Howard explains, monks and nuns are fully maintained by their religious orders and are accordingly excluded from housing benefit. They will therefore be facing a new burden, when the Community Charge (CC) is introduced, with no means to meet it.

3. Rebates would meet up to 80% of the Community Charge. Because DOE does not wish to stir up debate on the subject, it has not looked in to how members of religious orders will meet the remaining 20%. It has been assumed that they either get some pocket money, or that the orders will have to pay them the remaining 20%.

4. DOE estimates the cost of this concession in rebates to be less than £1 million.

Assessment

5. There are three main options:-

- (a) no change from the current position - religious orders would probably have to make full compensation to their members who could then pass on the money to local authorities;
- (b) eligibility for Community Charge rebates (Mr Howard's option);
- (c) full exemption from the charge, the agreement reached for prisoners, long stay hospital patients, the severely mentally handicapped and those in "homes" and hostels.

6. The first option seems unduly harsh. It ^{might be viewed as} ~~(is tantamount)~~ to a penalty upon monks, nuns and their religious orders for their unconventional style of life. And some religious orders may not be well enough endowed to meet the cost without curtailing other religious or charitable activities.

7. The third option is likely to be that recommended by the DHSS. They seem unconcerned by the numbers of exemptions already agreed and would rather not tackle the difficult, practical question of how to assess a monk's income. (On the other hand, full exemption means that CC rebates from central government are avoided, and the burden which would have been met through rebates and 20% payments, would instead be spread across all remaining CC payers.)

8. The second option, suggested by Mr Howard, has a number of merits.

- (a) Monks and nuns can vote and use LA services. They should therefore pay part of the cost.
- (b) It reduces, rather than increases, the number of exceptional cases afforded special treatment for the charge.

(c) It is consistent with the treatment of ministers of religion, who have incomes and are eligible for Community Charge rebates. If exemptions were granted, to monks, ministers of religion might be next on the list.

(d) It does not discriminate between religions: those which do not have monasteries or nunneries, such as the non-conformist churches, would otherwise be able to point to preferential treatment given to Roman Catholics.

9. On balance, CC rebates appear the least objectionable of the three alternatives.

Conclusion and recommendation

10. Monks and nuns are in an anomalous position with regard to the Community Charge. There will be practical difficulties in making them eligible for CC rebates, such as definition of those eligible and assessment of their income, but I recommend that you agree with Mr Howard and thereby press Mr Scott to agree in principle that this is the right way forward.

11. ST agree.

12. A draft letter is attached.

N I Holgate

N I HOLGATE

DRAFT LETTER TO:

Rt Hon Michael Howard QC MP
Minister of State of Local Government
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

July 1987

**COMMUNITY CHARGE REBATES FOR MEMBERS OF RELIGIOUS
ORDERS**

Thank you for copying to me your letter of 20 July to Nick Scott about monks and nuns.

2. I agree that rebates are the best way of dealing with the unusual financial circumstances of monks and nuns fully maintained by their orders. As you say, monks and nuns may vote in local elections and use local authority services. Your proposal would avoid creating another special case in the new system; and it is, of course, consistent with the treatment of ministers of religion.

3. I can see that there may be practical problems in assessing the income of monks and nuns for Community Charge rebates; we must clearly seek Nick Scott's advice on how the difficulties can best be overcome.

I am copying this letter to Nick Scott, Ian Lang and Wyn Roberts.

JOHN MAJOR



From the Minister of State
for Local Government

CHIEF SECRETARY	
REC.	22 JUL 1987
ACTION	Mr Potter
COPIES TO	CX Sir Peter Middleton
	Mr Butler Mr Hanson
	Mr Osborne Mr Hawtin
	Mr Peirson Mr Turnbull

Department of the Environment
2 Marsham Street
London SW1P 3EB

Telephone 01-212 3434

Mr Fellgett Mr Cropper

20 July 1987

Mr Tyne

Dear Nick

I am coming under some pressure about the possibility that members of religious orders may be liable to pay the full community charge, without the benefit of rebates.

I am content that our position is defensible in relation to ministers of religion, who will be liable to pay the community charge, but will be eligible for rebates (as they are now eligible for housing benefit) if their income justifies it. But, as you know, monks and nuns, who are fully maintained by their orders are at present excluded from housing benefit. It is anomalous, and - in my view - indefensible, that this group, who have no income, should be required to pay the full community charge.

I would not wish to argue that monks and nuns should be exempt from the community charge. They are eligible to vote in local elections and they benefit from local services. It is right therefore that they make some contribution towards the cost of those services. Moreover, if we were to exempt monks and nuns, we would place them in a more favourable position than ministers of religion, who will be required to pay at least 20 per cent of their community charge. I propose, therefore, that, in common with other people on low incomes, including ministers of religion, monks and nuns should be eligible for rebates to help them meet the burden of the community charge.

I would therefore be grateful for your agreement that, when you amend the housing benefit regulations, there should be provision for payment of community charge rebates for members of religious orders. They would of course remain ineligible for rent rebates. The cost of such a concession would not be large. We estimate that there are about 5,000 monks and nuns in England and Wales; on the basis of the average community charge, rebates would cost just under £1m a year. In practice, because many will live in areas with low community charges and because not all will claim, the cost is likely to be lower than this.

I would like to make an early announcement, to prevent this from becoming a major issue. I should therefore be grateful for your and colleagues' agreement to our announcing that, in common with other low income groups, members of religious orders will be eligible for community charge rebates.

— I am copying this to John Major and to Ian Lang and Wyn Roberts. Ian Lang will no doubt wish to consider whether similar provision should be made for monks and nuns in Scotland.

*Yours
Michael*

MICHAEL HOWARD

Nicholas Scott Esq MP



CC PS/CHANCELLOR/2
SIR P. MIDDLETON
MR F.E.K. BUTLER
MR HANSON
MR GILMORE
MR HANTIN
MR PEIRSON
MR TURNBULL
MR POTTER
MR FELLGETT
MR HULGATE
MR CROPPER
MR TYRIE

Treasury Chambers, Parliament Street, SW1P 3AG

Michael Howard Esq QC MP
Minister of State for Local Government
Department of the Environment
2 Marsham Street
London
SW1P 3EB

29th July 1987

Dear Michael,

PWP

COMMUNITY CHARGE REBATES FOR MEMBERS OF RELIGIOUS ORDERS

Thank you for copying to me your letter of 20 July to Nick Scott about monks and nuns.

I agree that rebates are the best way of dealing with the unusual financial circumstances of monks and nuns fully maintained by their orders. As you say, monks and nuns may vote in local elections and use local authority services. Your proposal would avoid creating another special case in the new system; and it is, of course, consistent with the treatment of ministers of religion.

I can see that there may be practical problems in assessing the income of monks and nuns for Community Charge rebates; we must clearly seek Nick Scott's advice on how the difficulties can best be overcome.

I am copying this letter to Nick Scott, Ian Lang and Wyn Roberts.

*Yours Ever,
John*

JOHN MAJOR



DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01 407 3522

From the Minister of State for Social Security and the Disabled

Michael Howard Esq MP
 Minister of State for Local Government
 Department of the Environment
 2 Marsham Street
 London
 SW1P 3EB

CHIEF SECRETARY	
REC.	- 5 AUG 1987
ACTED BY	Mr Potter
TO	CX Sir Peter Muddleton
	Mr Butler Mr Anson
	Mr Gelmore Mr Hart
	Mr Pencon Mr Tomblin

Mr Fellgett
Mr Cropper
Mr Tyrrie

3rd August 1987

Dear Michael,

Your letter of 20 July invited me to agree that community charge rebates, when introduced, should be extended to include monks and nuns who are fully maintained by their orders. I am afraid I have to say that I am not persuaded that this is the right course.

Members of religious orders who are fully maintained by their orders are at present effectively outside the scope of all income-related benefits. The reason is quite straightforward. The religious orders have in effect a contract with their members to maintain and house them. There is therefore no reason for them to be a charge on public funds nor, so far as I am aware, any wish on the part of the orders or their members to apply for means-tested benefits.

I note that you believe that this small and unusual group must be liable to the charge. That is for you to decide but I do not think the arguments are strengthened by comparing the effects of exemption with other people on low incomes such as ministers of religion.

The amount of rebate they receive may be considerably less than 80 per cent as this depends on their income. Nevertheless, our decision to add the value of 20 per cent of the average rates bill to income support rates means that it remains possible to be fully compensated.

I am sure you are right to say that it will be seen by some to be indefensible to ask monks and nuns to bear the whole weight of the community charge. Equally, I think that many will find it difficult to understand a solution which would bring them into means-tested benefits.

E.R.

There are no provisions for a block application under the housing benefit scheme. Every monk and nun involved will have to decide whether to apply for benefit and the local authority will be required to make a full assessment of their needs and resources. In my view this solution presents us with difficulties at least as great as the problem you are seeking to overcome. I must ask you therefore to reconsider whether it would not be better to allow this group to qualify for full exemption or part exemption as is planned for students.

Copies of this letter go to John Major, Ian Lang and Wyn Roberts.

Yours ever,

Nick.

NICHOLAS SCOTT

Y SWYDDFA GYMREIG

GWYDYR HOUSE

WHITEHALL LONDON SW1A 2ER

Tel: 01-233 3000 (Switsfwrdd)
01-233 0559 (Llinell Union)

Oddi wrth y Gweinidog Gwladol



WELSH OFFICE

GWYDYR HOUSE

WHITEHALL LONDON SW1A 2ER

Tel: 01-233 3000 (Switchboard)
01-233 0559 (Direct Line)

From The Minister of State

CHIEF SECRETARY	
REC	- 5 AUG 1987
ACTION	Mr Pottel
TO	Mr Peter Middle
	Mr Butler Mr Anso
	Mr Gilmore Mr Hart
	Miss Peirce Mr Turnbull
	Mr Fellgett Mr Cropper

CT/6107/87

5 August 1987

COMMUNITY CHARGE: MEMBERS OF RELIGIOUS ORDERS

I have seen your letter of 20 July to Nicholas Scott suggesting that the housing benefit regulations should provide for monks and nuns to be eligible for community charge rebates. As these people have no income, it is clearly inequitable that they should be liable for the full community charge; but to exempt them altogether would reduce accountability, and lead to strong pressure to exempt not only Ministers of Religion but other deserving groups. I am convinced therefore that your proposal represents the best way forward, and I agree that an early announcement is desirable.

I am copying this letter to Nicholas Scott, John Major and Ian Lang.

Yours sincerely
WR

WYN ROBERTS

Michael Howard Esq MP
Minister of State for Local Government
Department of the Environment
2 Marsham Street
London SW 1



From the Minister of State
for Local Government

SECRETARY
14 SEP 1987
Mr Pottler
Mr Peter Middleto
Mr Muller Mr Anton
Mr Tolmore Mr Hart
Mrs Reina Mr Turnbull
Mr Pellett Mr Tyne
Mr Call

Department of the Environment
2 Marsham Street
London SW1P 3EB

Telephone 01-212 3434

My ref: H/PSO/15679/87
H/PSO/15983/87
H/PSO/16064/87

11 September 1987

Dear Nick

You wrote to me on 3 August about our proposition that monks and nuns should be brought into the community charge rebate system. I have also had replies from John Major, Ian Lang and Wyn Roberts to my letter of 20 July.

I appreciate that bringing monks and nuns into the rebate system will create problems for DHSS - not least in having to assess the income of each member of a religious order in order to determine their eligibility. However, I believe that this is an inevitable consequence of the change from the present rate rebate system, where the entitlement to a rebate depends on claimant incurring housing costs, to the community charge system, where the charge is incurred by the individual, regardless of whether he pays for his housing or it is provided at no cost.

Despite the practical problems, I remain convinced that making this group eligible for rebates is preferable to granting them an exemption. I note that John Major, Ian Lang and Wyn Roberts share my view that to grant an exemption would make it extremely difficult to hold our position in relation to ministers of religion and is hard to defend insofar as monks and nuns vote in local elections and benefit from local services.

I have considered a partial exemption, on the lines we propose for students. But I fear that this too would lead to pressure for similar treatment for ministers of religion. Such a move would mean that many ministers who would otherwise not have been eligible, or whose income would have entitled them to a rebate of less than 80%, would receive the full rebate. Apart from anything else this would be a costly way to proceed.

In the light of what I have said, and of the strong support of colleagues for my proposal, I should be grateful if you would reconsider making this group eligible for community charge rebates.

/ I am copying this letter to John Major, Ian Lang and Wyn Roberts.

John
Michael

MICHAEL HOWARD

Nicholas Scott Esq MP





DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY
Telephone 01-407 5522

From the Minister of State for Social Security and the Disabled

RP

Michael Howard Esq MP
Minister of State for Local Government
Department of the Environment
2 Marsham Street
London
SW1P 3EB

CHIEF SECRETARY	
21 OCT 1987	
<i>Mr Potter</i>	
<i>Mr Butler</i>	<i>Mr Anson</i>
<i>Mr Gilmore</i>	<i>Mr Hartin</i>
<i>Miss Pearson</i>	<i>Mr Turnbull</i>

20 OCT 1987

Dear Michael,

*Mr Fellgett
Mr Tyne
Mr Call*

COMMUNITY CHARGE REBATES - MEMBERS OF RELIGIOUS ORDERS

Thank you for your letter of 11 September.

Anomalies will be created whichever way we decide that monks and nuns are to be treated. I accept that if they are to be totally exempted from community charge liability, we would be creating yet another exempted category from a charge which we have agreed should be universal. However if we are to require them to make payments, they will be unable to do so since they have no income of their own and, since they are ineligible for means-tested benefits, will receive no compensation towards their contributions; presumably their orders would have to pay and my understanding is that the orders would be under no legal obligation to do so. And if they are to be brought within the scope of means-tested benefits for the sole purpose of having their community charge liability rebated, it will be necessary for each monk and each nun to make an individual rebate application and have his or her income individually assessed; this would require us to make regulations indicating how the income of members of religious orders were to be calculated, and would open the way to them being made eligible for income support and housing benefit.

In my view the best solution to this difficult problem would be for members of religious orders to be treated in the same way as full-time students; they would appear in the community charge register but would be exempted automatically from 80% of their liability. This would not get round the problem of requiring them to make payments from their non-existent incomes, but would at least show that we were requiring them to pay something. Presumably all members of religious orders would, if assessed, be eligible for the maximum 80% rebate in any event, but entitling them to an 80% exemption would have the enormous advantage of leaving them outside the scope of means-tested benefits. I should stress that the exemption would apply only to

E.R.

those members of religious orders who are wholly maintained by their orders and who are therefore at present ineligible for means-tested benefits anyway. I do not accept your argument that this exemption would encourage ministers of religion to press for similar treatment; ministers of religion have clearly-defined personal incomes and are already within the scope of means-tested benefits.

I hope you will be able to agree this proposal. Pressure on behalf of members of religious orders appears to be mounting, and they seem likely to attract attention that is disproportionate to the numbers involved.

I am copying this to John Major, Ian Lang and Wyn Roberts.

Yours truly,

Nick.

NICHOLAS SCOTT