

14/6/88

Ch  
Partly explains PM's  
sentiments about  
charities/churches  
Prime Minister & VAT



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COMMUNITY CHARGES: CHURCHES

I have been under pressure from the Churches Main Committee, representing all of the main church groups, and chaired by the Bishop of London, about the direct impact which the Bill will have on church finances.

The position under the present law is that the houses of ministers of religion benefit from a mandatory 50% rate relief. This is in addition to the total exemption from rates of churches and the virtual exemption of church halls. The Churches Main Committee has been very concerned that with the advent of the community charge they will lose the benefit of the rating relief on the homes of the clergy and that they will have to find, directly or indirectly, another £6 million per annum to meet increased local government charges.

In my discussions, the Committee had made it clear that they are not seeking special treatment for ministers of religion as such, but they are concerned about the financial implications for churches and the fact they are losing a concession which is presently available to them. I have made it clear that I could not contemplate any special provisions for ministers of religion in relation to the community charge. I am nevertheless sympathetic to their general concern about the extra costs they will now incur. I propose, therefore, that the benefit of the existing rating concession on the homes of the clergy should be translated into one for ancillary non-domestic buildings used to support the organisation of religious worship by any body registered as providing public religious worship. I intend this concession to cover buildings used for central or diocesan administration as well as seminaries for the training of priests. I do not, however, see it including buildings used for quasi commercial purposes such as publishing or bookshops - though they



would continue to be eligible for any relief they get at present. The full value of the exemption I am proposing is estimated to be £1.5 million in a full year.

Even with this concession, the churches estimate that collectively, they will be £4.5 million a year worse off. This will affect their ability to engage in other activities to which we attach some importance, like the preservation of our heritage churches or the programme for redundant churches. I am therefore pursuing separately with the Chief Secretary, in the context of my PES bid, some increase in the provision for these activities.

Only the alteration to the rating exemption will require us to amend the Local Government Finance Bill. Time is now short and I should be grateful for early agreement to instruct Parliamentary Counsel to prepare the necessary amendments.

I am copying this letter to the other members of E(LF) and to Sir Robin Butler.

*R. Biggs*

NR  
14 June 1988

*(approved by the Secretary of State and signed in his absence).*