

CONFIDENTIAL

FROM: L WATTS

DATE: 31 JULY 1987

I remember this, but can't find in minutes.

CHANCELLOR

*Alex
I think this is slightly confused. The PM had asked me about the Royal Family & Royal Household in connection with some work on the PM's making this to you & (I think) P.M. This looks to be the speech you were going to refer to during the B.F.T. 3/9.*

cc: Sir P Middleton
Mr F E R Butler
Mr Anson
Mr C D Butler
Mr Hawtin
Mr Potter
Mr Fellgett

ROYAL HOUSEHOLD AND COMMUNITY CHARGE

The Keeper of the Privy Purse mentioned recently to Sir Peter Middleton the effect the community charge was likely to have on the Royal Household. Sir Peter Middleton asked me to let you have a note on the subject.

2. I attach a table showing the impact of the community charge on those in the Household who do not, at present, pay rates. The Palace's figures look about right; they are taken from DOE exemplifications of the level of community charge that would apply in 1987-88 if the reform had been implemented. They are at 1987-88 prices and so will change if the reform is implemented by 1990-91, and they make no allowance for any phasing. They are also based on Westminster and Kensington schools remaining part of ILEA. Should these authorities withdraw some of the costs could be significantly reduced.

Quite likely

3. We have indicated that, as with other parts of the public sector, there is no intention of increasing the Civil List to cover any additional costs which may occur because of the community charge. We understand that the Keeper accepts that the Household staff are caught if there are to be no exceptions from the general rule.

4. As you know, employees living in tied accommodation will not be exempt from taxation if they receive the benefit of having the personal community charge paid for them. Thus, if Her Majesty was minded to meet these costs from other sources, the sums could be grossed up for tax.

CONFIDENTIAL

5. You may also like a brief comment on the Royal Family itself. As with the Scottish legislation, we understand that all Members of the Royal Family, except for the Queen and the Prince of Wales (as Duke of Cornwall), will be subject to the personal community charge. Members of the Royal Family who get Civil List annuities will not be able to include the personal community charge as an allowable expense under Section 191 of ICTA 1970. All Members of the Royal Family (except for the Queen in respect of Balmoral) will be subject to the standard community charge on second homes.



L WATTS

IMPACT OF THE COMMUNITY CHARGE ON ROYAL HOUSEHOLD EMPLOYEES
WHO DO NOT AT PRESENT PAY RATES

Living in:	Reimbursed at the flat rate of the Community Tax	
St James's Palace	19 @ £396	£ 7,524
Marlborough House Mews	4 "	1,584
Gladstone Court	24 "	9,504
Buckingham Palace	90 "	35,640
Royal Mews	113 "	44,748
Kensington Palace	7 @ £370	2,590
Hampton Court Palace	16 @ £233	3,728
Windsor	129 @ £164	21,156
		£126,474

**IMPACT OF THE COMMUNITY CHARGE ON EMPLOYEES OF SOME ROYAL HOUSEHOLDS
WHO DO NOT AT PRESENT PAY RATES**

Household of:	Number of Persons	Reimbursed at the flat rate of the Community Tax		
Queen Elizabeth The Queen Mother:				
Clarence House	20	@ £396	£7,920	
Royal Lodge, Windsor	8	@ £164	1,312	
			£9,232	
The Princess Royal - Gatcombe Park	3	@ £192		576
The Princess Margaret, Kensington Palace	3	@ £370		1,110
Princess Alice of Gloucester and The Duke of Gloucester, Kensington Palace	4	@ £370		1,480
The Duke of Kent, St James's Palace	2	@ £396		792
Princess Alexandra, St James's Palace	1	@ £396	396	
Thatched House Lodge	1	@ £212	212	
			608	
				13,798



JY
IDONT
THINK
THESE
ARE ANY
TL 30/7

PPB M. *ppp* *ppp*

XCHEQUER
30 JUL 1987 ✓ 3/7
CST

Prime Minister

RATE REFORM: CROWN PROPERTY

My officials have been discussing with those from other Departments the treatment of Crown property, and the residents of Crown property, under the new system of local government finance.

I am now able to circulate the attached paper setting out my proposals for England and Wales. I should be grateful for your, and Colleagues' approval, and my officials will instruct the draftsman of the rate reform Bill accordingly.

Copies go to the Lord President, members of E(LF) and Sir Robert Armstrong.

NR

N R
30 July 1987

RATE REFORM: CROWN PROPERTY AND RESIDENTS OF CROWN PROPERTY

NON-DOMESTIC CROWN PROPERTY

1. The Rating of Government Property Department (RGPD) will continue to carry out valuations of non-domestic Crown property and pay contributions in lieu of non-domestic rates. It is proposed that RGPD should cease to make payments to individual local authorities and instead make payments directly into the national non-domestic rate pool. It would not be sensible for RGPD to make payments to authorities when, in any case, the authorities would be required to pass the money on to the pool. An acceptable system of checking that appropriate payments have been made will need to be devised; and it will be necessary to devise an alternative to the present arrangement whereby local authorities notify RGPD of the properties in respect of which payments are to be made.

2. The NHS and other non-Exchequer bodies which occupy Crown property currently pay their own contributions in lieu direct to local authorities. There seems no reason why NHS should not in future make payments direct into the national pool, although it is for consideration whether the other, smaller bodies should continue to make payments to individual local authorities.

RESIDENTIAL CROWN PROPERTY

The Community Charge

3. The community charge will be a near-universal personal liability, unconnected with the ownership of property, and it is important that, unless there are over-riding arguments to the contrary, residents of Crown property should be treated no differently from the residents of non-Crown property.

4. It is proposed that, with limited exceptions, residents of Crown property should be individually registered and personally liable for the personal community charge. The exceptions will be for the Sovereign and the Prince of Wales (as Duke of Cornwall), who will be exempt, and for diplomats, members of visiting armed forces and certain members of the UK armed forces. The special arrangements for diplomats and visiting servicemen are described in Annex A to this paper, and those for certain UK servicemen in Annex B.

5. Exemptions have been agreed for certain other residents of Crown property - convicted prisoners and patients resident in NHS hospitals or other caring institutions run by the Crown.

6. The normal community charge enforcement procedures - seizure of goods and deductions from earnings - will apply to those residents of Crown property who are liable for the personal community charge. This means that bailiffs will have access to Crown property to seize the personal property of residents who do not pay their community charge.

The collective community charge

7. For certain non-Crown properties, which are in multiple occupation and have a very rapid turnover of tenants, it would be impractical to register the tenants individually for the personal community charge. These properties will therefore be designated, by community charge registration officers, for the collective community charge. There are some Crown properties - particularly those occupied by very mobile service personnel - where a provision similar to the collective community charge might be appropriate. It would not, however, be appropriate for the collective charge to be applied in precisely the same way as for non-Crown property, because of the risk of disputes between the Crown and

local authorities: the Crown would not, for example, wish to become involved in disputes with local authorities about the designation of premises or payments due, or to be proceeded against by local authorities seeking to enforce payment.

8. A special provision, effectively equivalent to a Crown collective community charge, is therefore proposed. This is described in Annex B to this paper - which deals with the treatment of UK servicemen - since the provision is likely to be used mainly for certain military establishments.

The Standard Community Charge

9. It is proposed that Crown property should be exempt from the standard community charge - the charge for residential property at which no-one is solely or mainly resident. Contributions in lieu of the standard community charge will be paid to local authorities by the occupying Departments. This procedure would be consistent with the present arrangements for paying contributions in lieu of rates on Crown property.

MIXED NON-DOMESTIC/RESIDENTIAL CROWN PROPERTY

10. Mixed hereditaments - those which are part non-domestic and part residential - will be valued by RGPD and an apportionment will be made of the value of the residential part. A contribution in lieu of rates will then be paid by RGPD in respect of the non-domestic part, while the resident(s) of the residential part will pay the personal community charge - or, if the residential part is not occupied as a sole or main residence, a contribution in lieu of the standard community charge will be paid.

DIPLOMATS AND MEMBERS OF VISITING ARMED FORCES

A1. Foreign nationals who have their sole or main residence in this country will be liable to pay the community charge. However, diplomats are exempt from personal taxation under a range of statutes including the Diplomatic Privileges Act 1964, the Consular Regulations Act 1968, the International Organisations Act 1968 and the European Communities Act 1972. Members of visiting forces are exempt from any tax based on residence, under a Nato Status of Forces Agreement.

A2. In view of these statutes and agreements it is proposed that there should be a community charge exemption for diplomats, members of visiting forces and their dependants. It is not proposed, however, that they should be exempt from the standard community charge if they take second homes (eg if a US serviceman buys a holiday cottage).

A3. At present embassies, diplomats, foreign bases and servicemen do pay partial rates - the so-called "beneficial proportion" - in respect of both domestic and non-domestic property. It is important that the total amount paid is not reduced as a result of the proposed exemptions, and that foreign Governments are seen to be making at least the same contribution as at present towards the cost of local services.

A4. In the case of non-domestic property, it is proposed that the present arrangements should continue: RGPD will continue to pay rates/ contributions in lieu of rates on behalf of the Governments concerned and will continue to recover the "beneficial proportion". As with all other payments by RGPD, they will in future be made directly into the NNDR pool, rather than to individual local authorities.

A5. In the case of residential property, it is proposed that Treasury and the Foreign Office/Ministry of Defence should negotiate, with the Governments concerned, arrangements for the recovery of an amount equivalent to that currently recovered as the "beneficial proportion" of rates. This would most conveniently be paid to local authorities as an addition to central Government grant.

A6. In order to protect the position of local authorities with heavy concentrations of diplomats or visiting servicemen, there will need to be compensation for the income foregone as a result of exempting diplomats and visiting servicemen from the personal community charge. It is proposed that this should be done by excluding diplomats and visiting servicemen from the definition of "adult residents" used for grant purposes.

MEMBERS OF UNITED KINGDOM ARMED FORCES

B1. Most service personnel will be liable for the community charge, in the same way as all other adults: they will be registered for and pay the personal community charge in the area where they have their sole or main residence. It may, however, be impractical to register individually the most mobile service personnel - eg those resident for short-periods during training in a succession of different barracks. It may also be undesirable, for security reasons, for the number and names of the personnel at a particular address to be included in the community charge register which will be, in part, a public document.

B2. The problem of mobility may also arise in respect of some civilian residents of Crown property. In similar circumstances involving non-Crown property, designation for the collective community charge might be appropriate. It would not, however, be appropriate for Crown property to be designated for the collective community charge (for the reasons set out in paragraph 6 of the main paper).

B3. It is therefore proposed that the Secretary of State should have the power to designate Crown premises, if they are mainly used as a residence by individuals, most or all of whom are there for only short periods; or if it would be undesirable for them to be registered for the personal community charge, on national security grounds.

B4. The effect of designation by the Secretary of State would be that any individual solely or mainly resident in the designated premises would be exempt from the personal community charge. The occupying Department would pay contributions in lieu of community charges to the local authority in whose area the premises were located, and would recover the money from the individuals who stay in the premises.

B5. It will be important that the occupying Department should consult closely with the local authority concerned, when deciding whether or not to designate premises, and when assessing the level of the contribution in lieu.



10 DOWNING STREET
LONDON SW1A 2AA

CH/EXCHEQUER	
REC.	31 JUL 1987 ✓ 17
ACTION	CST
COPIES TO	

From the Private Secretary

31 July, 1987.

Dear Robin,

RATE REFORM: CROWN PROPERTY

The Prime Minister has seen your Secretary of State's minute of 30 July which set out proposals for the treatment of Crown property and the residents of Crown property, under the new system of local government finance, and is content, subject to the views of colleagues.

I am copying this letter to the Private Secretaries to the members of E(LF), and to Sir Robert Armstrong.

Yours,

David

(David Norgrove)

Robin Young, Esq.,
Department of the Environment.

PPETA?



CH/EXCHEQUER	
REC.	-6 AUG 1987 ✓
ACTION	CST
COPIES TO	

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:
Your ref:

pmf

Tony Galsworthy Esq
Private Secretary to
The Rt Hon Sir Geoffrey Howe QC MP
Foreign and Commonwealth Office
Downing Street
LONDON
SW1A 2AL

4 August 1987

Dear Tony,

RATE REFORM: CROWN PROPERTY

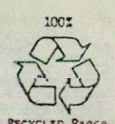
My Secretary of State wrote to the Prime Minister and members of E(LF) on 30 July with proposals for the treatment of Crown property, and the residents of Crown property, under the new system of local government finance.

Copies should also have gone to the Foreign Secretary and the Secretary of State for Defence. I am therefore sending copies to you and to John Howe, with apologies for the oversight.

Copies of this minute go to David Norgrove, Mike Eland in the Lord President's office, Private Secretaries to members of E(LF) and Trevor Woolley in Sir Robert Armstrong's office.

*Yours sincerely,
Robin Young*

R U YOUNG
Private Secretary



●. MR POTTER ^{BHP} 7/19
2. CHIEF SECRETARY

FROM: R FELLGETT

Date: 7 September 1987

cc: Chancellor ✓
Sir P Middleton
Mr F E R Butler
Mr Anson
Mr Hawtin
Mr Gilmore
Mr Turnbull
Mr C D Butler
Mr B Fox
Mr Instone
Mr L Watts o/r
Mr Michie
Mr Meadows
Mr Sargent
Mr Call
Mr Olney
(Treasury Valuer)
Mr A J Walker (I/R)

10/2
pages
Pse

RATE REFORM: CROWN PROPERTY

Mr Ridley minuted the Prime Minister on 30 July. I am sorry that it proved difficult to check with other Treasury divisions and the Revenue and prepare advice on his proposals until after the August holiday season was over.

2. In brief, Mr Ridley proposes that:

- (i) with limited exceptions (including the Sovereign and Prince of Wales), the personal community charge will apply to people living in Government property and on the Crown's domestic estates, just as it will to everyone else;
- (ii) a system like the collective community charge will cover residents of high-turnover barracks etc, and premises where servicemen or other residents should not be registered individually for security reasons;

(iii) Government property will be exempt from the standard charge on empty residential accommodation; but departments will pay a contribution in lieu;

(iv) foreign servicemen and diplomats will be exempt from the personal community charge, in line with international agreements.

3. The Prime Minister, Mr Hurd, Mr Walker and Mr Newton have already accepted the proposals.

4. As Mr Ridley's covering note says, the DOE paper follows discussions between officials in the departments most concerned, and that included the Treasury. With one exception, the proposals follow closely analogies with the present treatment of Crown property and its residents, and analogies with liability to other personal taxes, particularly income tax. I recommend that you raise no objection to the vast majority of the proposals.

5. I suggest that you query just one point. The paper proposes that payments in lieu of rates by the Rating of Government Property Department should be paid direct into the National Non-Domestic Rate pool, and not, as at present, to individual local authorities. Although this would avoid Government money being paid to local authorities by separate routes, RGPD advise that there would be operational difficulties in changing from their present system. DOE officials, in parallel with Mr Ridley's minute, indicated sympathy for this point. Officials could discuss the point further and report back; I understand from DOE that it does not affect the drafting of the Rate Reform Bill.

6. You will have noted in Annex A to the DOE paper that the Treasury will take the lead in negotiations to ensure that UK authorities continue to benefit from the "beneficial proportion" of local government taxes currently contributed on behalf of foreign (mainly American) armed forces in this country. LG2 have this in hand.

7. There are three further points which you may also wish to note. First, the paper says nothing about the public expenditure consequences of these proposals. In particular, the proposal that departments occupying empty domestic accommodation should pay contributions in lieu of the standard community charge will add to their costs. At present, contributions in lieu of rates on such property are paid by RGPD, where there will be a saving. The amounts involved have yet to be estimated properly, but could amount to tens of millions of pounds a year. There is a outside chance that MOD (who would be most affected) could raise this in the current Survey, although a request by them for a transfer of public expenditure provision from RGPD in the 1988 Survey is much more likely. We have, of course, reserved your position on this.

8. Second, in one respect the proposed exemptions go beyond current exemptions from income tax. It is proposed to exempt some 31,000 dependents of American servicemen as well as a roughly equal number of the servicemen themselves. Dependents are spouses and children; many of the children will be under 18 and therefore exempt from the Community Charge anyway. If these dependents took jobs in this country they would be liable for income tax. However, it would be difficult to argue that an American serviceman's wife who came to this country simply to accompany her husband on NATO duty should be subject to British local authority taxation, when her husband is exempt. (In due course, it may be necessary to concede a similar exemption for diplomats' spouses. But no request for exemption has yet been made.) The Inland Revenue's preliminary advice is that the wider exemption from Community Charge is unlikely to create undue difficulties for them in maintaining the present narrower exemption from income tax liability. I therefore suggest that you accept this difference.

9. Thirdly, the DOE paper is over-condensed at one point. It says that Crown property will be exempt from the standard Community Charge (and the Government will pay contributions in lieu), but fails to add that the domestic estates of the Crown will not be exempt. So members of the Royal Family will pay a standard Community Charge on empty second homes, just as they pay rates on them at present.

Conclusion

10. I recommend that you agree with all of Mr Ridley's proposals, apart from the detailed point about handling RGPD payments which officials can discuss further. A draft letter is attached.

11. DM, Accounts, RGPD and LG2 agree. This advice has also been discussed with the Inland Revenue.

Robin Fellgett

R FELLGETT

**DRAFT LETTER FOR THE CHIEF SECRETARY'S SIGNATURE TO
THE SECRETARY OF STATE FOR THE ENVIRONMENT**

Thank you for copying to me your minute of 30 July to the Prime Minister.

2. I am generally content with your proposals.

3. However, your proposal that RGPD should make payments directly into the National Non-Domestic Rate pool might create difficulties for them. I understand that officials are still discussing this point. I further understand that a decision is not needed for the drafting of the Rate Reform Bill, so I suggest officials should continue their discussions and report back to us when a conclusion has been reached.

4. I should also record that I am content with your proposal in Annex A that the Treasury should take the lead in negotiations to recover an amount equivalent to the "beneficial proportion" of rates currently paid to the United Kingdom on behalf of visiting forces.

5. I am copying this letter to the Prime Minister, to other members of E(LF) and to Sir Robert Armstrong.

[J.M]

CONFIDENTIAL

BF 18/9



FROM: A C S ALLAN

DATE: 11 September 1987

MR L WATTS

cc: Sir P Middleton
 Mr F E R Butler
 Mr Anson
 Mr C D Butler
 Mr Hawtin
 Mr Potter
 Mr Fellgett

ROYAL HOUSEHOLD AND COMMUNITY CHARGE

The Chancellor was grateful for your minute of 31 July about the impact of the community charge on the Royal Household.

2. The Prime Minister had, some time ago, asked the Chancellor about this. The general principles have been the subject of correspondence between DoE and No.10. But the Chancellor feels that we should let the Prime Minister know the figures in your note; and say that the Keeper of the Privy Purse accepts that there will not be an increase in the Civil List to cover them.

3. I should be grateful if you could supply a draft.

Ch
 This followed a
 phone call from Nigel
 Widdowson.
 AA

ACSA

A C S ALLAN



BF 1/10

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALING 01-218 2111

MO 10E

14th September 1987

CH/EXCHEQUER	
REC.	15SEP1987
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COPIES TO	

Dear Nicholas,

RATE REFORM: CROWN PROPERTY

I have seen a copy of your minute of 30th July to the Prime Minister about the treatment of Crown property, and residents of Crown property, under the new system of local government finance. I agree in principle with the policy proposed, that Service personnel should be liable to pay a personal community charge, as other adults will be, in an appropriate form.

But I do, I am afraid, have some difficulty with the specific proposals as they affect Servicemen. At present, as you will be aware, Service personnel in Crown premises pay a standard accommodation charge, reviewed by the Armed Forces Pay Review Body (AFPRB), which includes an element to cover local authority rates. This element is an average of contributions in lieu of rates paid by the Rating of Government Property Department (RGPD) in England, Wales, Scotland and Northern Ireland and the charges for married and single accommodation are applied worldwide. It is not therefore directly sensitive to the rate set locally. An important reason for this arrangement is that Service personnel have little influence over their postings and it would be inequitable to charge them differing rates according to the location of their accommodation. Nor, since they generally do not reside in the constituencies where their votes are cast, can they influence local policy through the democratic process. The proposals that you put forward would in effect abandon

The Rt Hon Nicholas Ridley MP



the principle, which I believe remains soundly based, that Service personnel should make a uniform contribution regardless of where they are posted.

There would also be a number of practical difficulties with the scheme as proposed. The suggested arrangements for registration and payment of community charges place responsibility on individuals to enter their names on a register in an area in which they are resident and to remove themselves from it when they leave the area. The majority of Service personnel and families are necessarily highly mobile during their lives in or accompanying the armed forces. The introduction of a system which required those living in Service accommodation to register and re-register would present major administrative problems and impose further burdens on the local authorities involved in dealing with registration and the collection of charges. I note that in Annex B to the paper it is recognised that mobility would cause difficulty in some cases; my own view is that this problem applies more widely than the paper perhaps allows for. Similarly, I believe that the Annex may underestimate the scale of the security difficulties involved.

I should prefer to adopt a different approach to the payment of charges, whereby my Department would ensure that the personal community charges for Service personnel, as well as Service dependants residing in Crown property, are levied on a standardised basis by including in accommodation charges a standard averaged element to cover community charges. I suggest, too, that it might be most convenient for the RGPD to continue to make the payments in lieu to the local authorities (for both occupied and empty accommodation). On this basis, the legislation would need to provide for an exemption power for Servicemen and their dependants residing in Crown property. Service personnel living in their own property would be expected to make the appropriate arrangements for registration in their area of residence.



The proposals put forward to deal with the position of diplomats and visiting forces personnel in the United Kingdom suggest that either my Department or the Foreign and Commonwealth office, in conjunction with the Treasury, should negotiate, with other Governments, the arrangements for recovery of the 'beneficial proportion' of rates. I believe that these details would be better handled by the Treasury and the Foreign and Commonwealth Office rather than my Department, and assume that the Chancellor and the Foreign and Commonwealth Secretary will take these matters in hand.

I am sending copies of this letter to the Prime Minister, the Lord President, the Foreign and Commonwealth Secretary, other members of E(LF) and to Sir Robert Armstrong.

Yours very,

George Younger

*Paules
P30
(for Alex)
B.*

2610/036

*Frank Shaw
No of ... head is
letter to ... subject ...
has ...
x member ...
x ...
think ...*

FROM: L WATTS
DATE: 18 September 1987

CHANCELLOR

cc: Sir P Middleton
Mr F E R Butler
Mr Anson
Mr C D Butler
Mr Hawtin
Mr Potter
Mr Fellgett

*BF from
next PREM
internal!*

ROYAL HOUSEHOLD AND COMMUNITY CHARGE

I attach, as requested in Mr Allan's note of 11 September, a draft letter to No 10 showing the expected impact of the community charge on the Royal Household.

2. The Keeper of the Privy Purse would not be prepared to go quite so far as to say that he accepts that there would not be an increase in the Civil List. The draft letter to No 10 is therefore drafted to reflect this nuance.

Ch
I discussed this with Nigel Weeks a few weeks ago. He had forgotten about this, but thought I should write. Having seen this draft I wonder if we are not stirring things up unnecessarily? I could sit on it to see if Nigel remembers (unlikely)?

L

L WATTS

AA

2610/037

DRAFT LETTER TO:

Nigel Wicks Esq
Principal Private Secretary to the Prime Minister
No 10 Downing Street

ROYAL HOUSEHOLD AND COMMUNITY CHARGE

You asked for information about
~~The Chancellor has asked me to write to deal with a point raised by the Prime Minister about the effect the community charge would have on the Royal Household.~~

There has been some Ministerial correspondence about the general issue of Crown pay & the community charge

2. ~~The main question is the potential management difficulty in dealing with certain Household officers and staff (some low paid).~~ I attach a table showing

the impact on those in the Household whose ^{pay &} conditions, ~~pay etc~~ take account of free accommodation and who do not, at present, pay rates. These figures are based on the DoE exemplifications of the level of charge that would apply in 1987-88 if the reform had been implemented. ^{in full then} ~~They make no allowance for phasing or for local education authorities withdrawing~~

~~from~~ ILEA (Costs ^{should be} ~~are expected to~~ be significantly reduced when Westminster and Kensington ^{opting out of} ~~are allowed to withdraw~~ ^{opt out}.)

3. The Treasury has ~~so far indicated~~ that, ~~consistent with its attitude not least in~~ the public sector,

(Mr Ridley's minute of 30 July).

This letter covers the specific impact on the Royal Household

They thus show that the position could be, on present spending levels, after the transition has been completed.

this policy adopted throughout as per the

The year-by-year pattern for the first four years would be affected by the phasing out of the safety net and - in inner London - by the phasing in of the community charge. & the effect of it would also be affected by

as described in

we do not accept that there should be an increase in

~~[there can be no intention of increasing]~~ the Civil List to cover any additional costs. ~~[To do so would be to meet a direct tax.]~~ The Keeper of the Privy Purse accepts that the Household staff will ~~[be caught]~~ if there are to be no exceptions ~~[from]~~ ^{to} the general rule though, naturally, he would prefer the Civil List people to receive special treatment.

if Her Majesty was minded to pay additional sums to these staff to meet the cost of the community charge.

have to pay the community charge

4. As for the Royal Family itself, ~~[you are aware that]~~ the Queen and the Prince of Wales (as Duke of Cornwall) will be exempt from the personal community charge. All other Members will be subject to it and all Members (except for the Queen in respect of Balmoral) will be subject to the standard community charge on second homes. ~~[Members of the Royal Family who get Civil List annuities will not be able to include the personal community charge as an allowable expense under Section 191 of ICTA 1970.]~~

as was indicated in the note attached to Mr Ridley's minute.

AC S Allan

2600/058

ANNEX A

IMPACT OF THE COMMUNITY CHARGE ON ROYAL HOUSEHOLD EMPLOYEES
WHO DO NOT AT PRESENT PAY RATES

Living in:	Reimbursed at the flat rate of the Community Tax		
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Marlborough House Mews	4 "		1,584
Gladstone Court	24 "		9,504
Buckingham Palace	90 "		35,640
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Kensington Palace	7 @ £370		2,590
Hampton Court Palace	16 @ £233		3,728
Windsor	129 @ £164		21,156
			£126,474

**IMPACT OF THE COMMUNITY CHARGE ON EMPLOYEES OF OTHER ROYAL HOUSEHOLDS
WHO DO NOT AT PRESENT PAY RATES**

Household of:	Number of Persons	Reimbursed at the flat rate of the Community Tax	
Queen Elizabeth The Queen Mother:			
Clarence House	20	@ £396	£7,920
Royal Lodge, Windsor	8	@ £164	1,312
			£9,232
The Princess Royal - Gatcombe Park	3	@ £192	576
The Princess Margaret, Kensington Palace	3	@ £370	1,110
Princess Alice of Gloucester and The Duke of Gloucester, Kensington Palace	4	@ £370	1,480
The Duke of Kent, St James's Palace	2	@ £396	792
Princess Alexandra, St James's Palace	1	@ £396	396
Thatched House Lodge	1	@ £212	212
			608
			13,798



FROM: A C S ALLAN
DATE: 21 September 1987

MR L WATTS

cc Sir P Middleton
Mr F E R Butler
Mr Anson
Mr C D Butler
Mr Hawtin
Mr Potter
Mr Fellgett

ROYAL HOUSEHOLD AND COMMUNITY CHARGE

The Chancellor was grateful for your minute of 18 September and the draft letter to No.10.

2. On reflection, he feels it is best not to write now, but to keep the annexes to hand should the subject arise.

*PS: What position with respect to...
 De chancelier, which...
 A CCS ALLAN
 Subject has arisen again. PM would like info before he addresses tomorrow. OK for me to write as below? (*) (I strongly suspect PM will press for central list & be increased). OK (one or 2 draft...)*

() subject & details with Lee Watts tomorrow on p/te developments.*