



CH/EX. REF. NO. B(79)32
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Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

Prime Minister

Are you content

PRIME MINISTER

*I think 45p was 45p with 50p?
rather than 50p is just too much.*

I have been thinking about the decision we took on Friday to increase prescription charges in the Budget to 45p.

*However I don't like going back
to the decision reached in committee*

2. I am sure it is right to put up the charge. My only anxiety is whether 45p is - or will look like - the right figure. In terms of maintaining the value of the charge since it was fixed in 1971, it should be about 56p or 57p. We have, sensibly enough, rejected the idea of such mathematical precision.

3. Having said that, would not the round sum of 50p seem much more natural if we have to have this sort of increase?

4. I feel sure it would arouse no more protest than 45p, which will look like an odd figure to have plucked out of the air. Indeed, 50p might conceivably arouse less protest simply because patients and dispensary staff alike will be saved the bother of dealing with 5p change. (Least important of all, in this presentational context, 50p would bring in an estimated further £5 million in this very difficult year.) I should like to suggest, even at this late stage, that we go for 50p rather than 45p after all.

5. I am copying this to colleagues on E Committee, Patrick Jenkin and to Sir John Hunt.

(G.H.)

5 June, 1979

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M.



10 DOWNING STREET

From the Private Secretary

6 June 1979

Dear Tony.

PRESCRIPTION CHARGES

The Prime Minister has considered the Chancellor's minute of 5 June in which he proposes that prescription charges should be raised to 50p, rather than to 45p as agreed in E Committee last Friday.

The Prime Minister considers that 45p is the right figure and that going to 50p would be just too much. In any case, the Prime Minister thinks it a very bad precedent to go back on a firm decision taken at E Committee.

I am sending copies of this letter to the Private Secretaries to the members of E Committee, to Don Brereton (Department of Health and Social Security) and to Martin Vile (Cabinet Office).

Am. ev.

Ti. W.

A.M.W. Battishill, Esq.,
HM Treasury.

LB