

Budget - Secret



7 (A-B)

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

PRIME MINISTER

BUDGET PACKAGE

1. The Chancellor has now ~~now~~ agreed to send you a written aide-memoire summarising the Budget package - in the enclosed folder. You will be able to go through this with him at your briefing next week - which I have extended to one-hour.
2. Some of the material is perhaps not as full as it might be - eg para. 7 on life assurance and para. 9 on pensions. But in part this is because he has not yet finished his own thinking.
3. The main point, however, is that the paper includes no proposal for a like package on basic rate / allowances / NICs on the lines you discussed last Sunday. This is deliberate. The Chancellor is still considering his position following your earlier talks and the comments in Cabinet.

As you know his strong preference is to go for the basic rate. But when you discuss this with him on Wednesday, you will be able to draw on the virhelly unanimous view in Cabinet (of those who spoke on the point) that allowances - or some action on NLGs - is much to be preferred.

4. At the back of the file is a separate note from the Chancellor on the build-up of Payroll Giving.

REEG

17/2