

PO-CH/NL/0031  
PART A

STARTS 14-01-85



PO -CH /NL/0031



PART A

1985 BUDGET OVERVIEW

25 years 15/9/94 NAGIS

NL/0031

-CH

PO

PART A

18-3-85

M/S 14 JAN 1985

Deputy Secretary / CST,



MST

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

1985 BUDGET OVERVIEW MEETINGS.

The first of these meetings will take place from 11:00 am until 1:00 pm on WEDNESDAY 23 January.

Thereafter they will take place at 11:00 am until 1:00 pm each and every TUESDAY, starting with Tuesday 29 January, until the last meeting on Tuesday 12 March.

I would be grateful if you and the copy recipients of this minute (See Annex A) would 'block-off' these dates/times in your diary.

Cabinet Office / No 10 have been informed and have agreed not to consider these times for their Ministerial meetings.

David M. Dalke

Deputy Secretary

233-5597.

Note this list is subject to change.

Those to attend the 1985 Budget overview meetings: -

CHIEF SECRETARY

FINANCIAL SECRETARY

ECONOMIC SECRETARY

MINISTER OF STATE

SIR PETER M. DOLETON

SIR TERRY BURNS

MR CASSELL

MR BATTISHILL

MR MOWLER.

MR CROPPER

SIR LAWRENCE AILEY (IR)

MR FRASER (CF)

Additional officials will be invited according to the subjects selected for discussion.



FROM: MRS R LOMAX  
DATE: 18 January 1985

CHIEF SECRETARY  
FINANCIAL SECRETARY  
ECONOMIC SECRETARY  
MINISTER OF STATE  
SIR P MIDDLETON  
MR BAILEY  
SIR T BURNS  
MR LITTLER  
MR CASSELL  
MR MONCK  
MR BATTISHILL  
MR EVANS  
MR MONGER  
MR ODLING-SMEE  
SIR LAWRENCE AIREY - IR  
MR ISAAC - IR  
MR GREEN - IR  
MR FRASER - C&E  
MR KNOX - C&E  
MR CROPPER  
MR LORD

#### BUDGET OVERVIEW MEETINGS

In the run up to this year's Budget, the Chancellor again intends to hold formal weekly overview meetings to review progress and address central issues. These meetings will normally take place at 11 am on Tuesdays and may run through the lunch-hour. Agendas will be circulated in advance and formal records kept. Exceptionally, the first overview meeting will be on Wednesday, 23 January at 11 am.

2. Attendance at overview meetings will normally be drawn from those to whom this minute is addressed. From time to time, additional officials may be invited according to the subjects selected for discussion.

3. Before each overview meeting, central unit will circulate a score-card costing decisions already taken and those under consideration. The first score card, prepared in the light of the Chevening discussions, and a provisional agenda for the first meeting will be circulated shortly.

*RL*

MRS R LOMAX

## BUDGET CONFIDENTIAL



FROM: MRS R LOMAX  
 DATE: 18 January 1985

CH/EX REF NO. J/6

COPY NO. 1 OF 25

PS/CHIEF SECRETARY  
 PS/FINANCIAL SECRETARY  
 PS/MINISTER OF STATE  
 PS/ECONOMIC SECRETARY  
 SIR P MIDDLETON  
 MR BAILEY  
 SIR T BURNS  
 MR LITTLER  
 MR CASSELL  
 MR MONCK  
 MR BATTISHILL  
 MR MONGER  
 MR ODLING-SMEE  
 SIR L AIREY (IR)  
 MR GREEN (IR)  
 MR ISAAC (IR)  
 MR FRASER (C&E)  
 MR CROPPER  
 MR LORD

cc Mr Byatt ]  
 Ms Seammen ] Items 2  
 Mr Corlett (IR)] & 3 only

**FIRST BUDGET OVERVIEW MEETING: 11AM, 23 JANUARY:  
 PROVISIONAL AGENDA**

The provisional agenda for Wednesday's overview is as follows:-

- (i) Budget score-card: Mr Battishill's minute of 18 January.
- (ii) National Insurance contributions, Pensions and YTS:  
 Mr Monck's submission of 18 January.
- (iii) Taxation of pensions and savings: Mr Byatt's  
 submission of 18 January  
 Mr Corlett's submission of 18 January.

In addition to the regular membership, copy addressees are invited to attend for the items shown.

A handwritten signature in cursive script, appearing to be 'R.L.', written in dark ink.

MRS R LOMAX

AGENDA

## BUDGET CONFIDENTIAL



FROM: MRS R LOMAX  
 DATE: 18 January 1985

CH/EX REF NO. *J/6*

COPY NO. *4* OF *25*

PS/CHIEF SECRETARY  
 PS/FINANCIAL SECRETARY  
 PS/MINISTER OF STATE  
 PS/ECONOMIC SECRETARY  
 SIR P MIDDLETON  
 MR BAILEY  
 SIR T BURNS  
 MR LITTLER  
 MR CASSELL  
 MR MONCK  
 MR BATTISHILL  
 MR MONGER  
 MR ODLING-SMEE  
 SIR L AIREY (IR)  
 MR GREEN (IR)  
 MR ISAAC (IR)  
 MR FRASER (C&E)  
 MR CROPPER  
 MR LORD

cc Mr Byatt ]  
 Ms Seammen ] Items 2  
 Mr Corlett (IR)] & 3 only

FIRST BUDGET OVERVIEW MEETING: 11AM, 23 JANUARY:  
 PROVISIONAL AGENDA

The provisional agenda for Wednesday's overview is as follows:-

- 1 (i) Budget score-card: Mr Battishill's minute of 18 January.
- (ii) National Insurance contributions, Pensions and YTS:  
2 Mr Monck's submission of 18 January.
- 3 *PST OF 21 JANUARY*
- 3A (iii) Taxation of pensions and savings: Mr Byatt's  
 submission of 18 January 3B *ISAAC OF 14 DECEMBER*
- 3C Mr Corlett's submission of 18 January.

In addition to the regular membership, copy addressees are invited to attend for the items shown.

*RL*  
 MRS R LOMAX

RESTRICTED



BF 22/1 with PPS P&K

CHANCELLOR OF THE EXCHEQUER'S OFFICE: MEETING

SUBJECT

1985 BUDGET  
1<sup>st</sup> OVERVIEW

DATE AND TIME

WEDNESDAY 23 JANUARY  
11.00 AM

VENUE

Chancellor's Room, Treasury/~~No. 11~~/Conference Room/House  
of Commons

PAPERS

Agenda to follow in days before  
meeting.

THOSE ATTENDING

CST  
FST  
MST  
EST  
SIR P. MIDDLETON  
SIR T. BURNS  
MR CASSELL  
MR BATTISHILL  
MR MONGER  
MR CROPPER  
PS/IR  
PS/C&E



21 JAN 1985  
 RL



FROM: MRS R LOMAX  
 DATE: 18 January 1985

CHIEF SECRETARY  
 FINANCIAL SECRETARY  
 ECONOMIC SECRETARY  
 MINISTER OF STATE  
 SIR P MIDDLETON  
 MR BAILEY  
 SIR T BURNS  
 MR LITTLER  
 MR CASSELL  
 MR MONCK  
 MR BATTISHILL  
 MR EVANS  
 MR MONGER  
 MR ODLING-SMEE  
 SIR LAWRENCE AIREY - IR  
 MR ISAAC - IR  
 MR GREEN - IR  
 MR FRASER - C&E  
 MR KNOX - C&E  
 MR CROPPER  
 MR LORD

#### BUDGET OVERVIEW MEETINGS

In the run up to this year's Budget, the Chancellor again intends to hold formal weekly overview meetings to review progress and address central issues. These meetings will normally take place at 11 am on Tuesdays and may run through the lunch-hour. Agendas will be circulated in advance and formal records kept. Exceptionally, the first overview meeting will be on Wednesday, 23 January at 11 am.

2. Attendance at overview meetings will normally be drawn from those to whom this minute is addressed. From time to time, additional officials may be invited according to the subjects selected for discussion.

3. Before each overview meeting, central unit will circulate a score-card costing decisions already taken and those under consideration. The first score card, prepared in the light of the Chevening discussions, and a provisional agenda for the first meeting will be circulated shortly.

RL  
 MRS R LOMAX

## BUDGET CONFIDENTIAL



FROM: MRS R LOMAX  
 DATE: 28 January 1985

CH/EX REF No: .J.17

COPY No: 25.OF.26

Mr Byatt } items 2 and 3 only  
 Ms Seammes }

PS/CHIEF SECRETARY  
 PS/FINANCIAL SECRETARY  
 PS/MINISTER OF STATE  
 PS/ECONOMIC SECRETARY  
 SIR P MIDDLETON  
 MR BAILEY  
 SIR T BURNS  
 MR LITTLER  
 MR CASSELL  
 MR MONCK  
 MR BATTISHILL  
 MR MONGER  
 MR ODLING-SMEE  
 SIR L AIREY - IR  
 MR ISAAC - IR  
 MR GREEN - IR  
 MR FRASER - C&E  
 MR KNOX - C&E  
 MR CROPPER  
 MR LORD

SECOND BUDGET OVERVIEW MEETING: 11 am, 29 JANUARY  
 REVISED AGENDA

The ~~provisional~~ agenda for Tuesday's overview is as follows:-

(i) Budget score-card: Mr Battishill's minute of 25 January;

(ii) Employers' National Insurance contributions:  
 Mr Short's minute, 23 January  
 Mr Monck's submission of 28 January (to be circulated);

(iii) Tax relief for self-employed National Insurance contributions:

Mr Lusk's minute of 10 December  
 Mr Monger's minute of 17 December  
 Mr Halligan's minute of 14 December  
 Mr Beighton's minute of 20 December;

BUDGET CONFIDENTIAL



(iv) Excise duty options: minute by Mr Knox,  
25 January;

(v) VAT: borderline problems: minute by Mr Knox,  
25 January.

2. In addition to the regular membership, copy addressees are invited to attend for the items shown.

*MLM*

*for* MRS R LOMAX

BUDGET CONFIDENTIAL



FROM: MRS R LOMAX  
 DATE: 1 February 1985

CH/EX REF NO 532

COPY NO 1 OF 25 COPIES

PS/CHIEF SECRETARY  
 PS/FINANCIAL SECRETARY  
 PS/MINISTER OF STATE  
 PS/ECONOMIC SECRETARY  
 SIR P MIDDLETON  
 MR BAILEY  
 SIR T BURNS  
 MR LITTLER  
 MR CASSELL  
 MR MONCK  
 MR BATTISHILL  
 MR MONGER  
 MR EVANS  
 MR ODLING-SMEE  
 SIR L AIREY (IR)  
 MR ISAAC (IR)  
 MR GREEN (IR)  
 MR FRASER (C&E)  
 MR CROPPER  
 MR LORD

cc Mr Byatt (items 3&amp;4)

**THIRD BUDGET OVERVIEW MEETING: 11AM 5 FEBRUARY  
 PROVISIONAL AGENDA**

The provisional agenda for Tuesday's overview is as follows:-

- (i) Budget score-card: Mr Battishill's minute of 1 February
- (ii) Economic forecast: Mr Evans's minute of 31 January
- (iii) Taxation of pensions: Mr Corlett's minute of 30 January
- (iv) Capital allowances: Financial Secretary's minute of 1 February  
 Mr Green's minute of 24 January and associated papers  
 Mr Cassell's minute of 1 February (N Sea fiscal regime)



(v) Capital transfer tax: Business relief. Mr Houghton's  
minute of 31 January  
Mr Isaac's minute of 4 January

(vi) Higher rate tax packages: Mr Isaac's minute of  
1 February

2. In addition to the regular membership copy addressees are  
invited to attend for the items shown.

P.  
Pus.

ff MRS R LOMAX



NOTE OF A MEETING IN HM TREASURY  
ON FRIDAY 1 FEBRUARY AT 4.30PM

Those present:

Chancellor  
Sir P Middleton  
Mr Bailey  
Sir T Burns  
Mr Cassell  
Mr Monck  
Mr Evans  
Mr Battishill  
Mr Scholar  
Mr Odling-Smee  
Miss Peirson  
Mr Broadbent  
Mr Cropper

TREASURY ECONOMIC FORECAST

Papers

Mr Evans' minute of 31 January  
Miss Peirson's minute of 31 January  
Mr Bailey's minute of 31 January.

The Chancellor invited Mr Evans to outline the main features of the ~~f~~ Forecast. Mr Evans said that the ~~f~~ Forecast had been prepared against the background of <sup>sharp</sup> rapid movements in interest rates and the exchange rate. The main <sup>case</sup> Forecast assumes <sup>d</sup> a move back into sterling and a gradual decline in short term~~s~~ interest rates to around 10½ per cent by the end of 1985. The relatively high assumed level of interest rates was not expected to have a major effect on investment but there would be some impact on housing and <sup>personal</sup> consumption. On the fiscal prospects, the duration and cost of the coal strike and the deteriorating position of

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ECGD were major uncertainties. The broad picture was for some setback on the very short term inflation <sup>outlook</sup> prospect though by the end of this year, <sup>the</sup> ~~forecast~~ <sup>ers</sup> saw the inflation rate <sup>should be</sup> coming down again. The prospect for output was little changed. From 1985 on the <sup>y ing</sup> underlining rate of growth of non oil output was likely to be some ½ per cent a year higher than total GDP growth. Little change in unemployment was foreseen.

2. Sir Terence Burns commented that the short term adjustment to recent events was difficult to predict; with a lower exchange rate, higher interest rates and <sup>a somewhat</sup> the looser fiscal stance <sup>there were</sup> over pressures in different directions. The deterioration in the short term inflation outlook was worrying but in general the prospects in the main <sup>f</sup> forecast were ~~quite~~ consistent with the Government's stated ambitions. The future path of the exchange rate and its likely <sup>e</sup> consequences were however major <sup>risks</sup> uncertainties.

3. The Chancellor said he would like to see the high interest rate variant (~~described in the final column of the table on page 3 of Mr Evans' minute~~) reworked as a policy option. Monetary growth should be held to the middle of the target ranges; with higher interest rates, this should leave room for a higher PSBR. This would provide useful background <sup>to</sup> for the discussion of ~~the assumptions on which~~ the new MTFs, would be based.

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a  
4. In discussion, it was noted that the public expenditure prospect was extremely difficult. The projection of ~~the~~ broadly constant real level of public spending was barely <sup>a</sup> credible. The <sup>e.g</sup> forecast took credit for some very tough measures <sup>f</sup> on local authority capital spending and defence. Even so, it implied substantial overruns on the <sup>PEWP</sup> cash plans in the PEWP, reflecting a higher inflation rate. After some discussion, there was broad agreement that the figures in the <sup>f</sup> forecast represented a



reasonably central view. The Chancellor noted that it was important to base the Budget and the MTFS on a realistic assessment of ~~prospects~~<sup>the</sup> for public expenditure; ~~but~~<sup>prospect</sup> this would create acute presentational problems, especially for 1985-86. Mr Bailey agreed to consider the case for ~~advising~~<sup>revising</sup> the planning total, possibly at Budget time.

5. Turning <sup>to</sup> the fiscal prospect for 1985-86, the Chancellor said he wanted to publish a PSBR of £7 billion. Given past overruns, it would be prudent to ~~aim~~<sup>plan</sup> for a small undershoot, and ~~plan the Budget accordingly~~. That suggested a fiscal adjustment of between £1-1½ billion, rather than the £1¾ billion indicated in the <sup>f</sup> Forecast. It was noted that this safety margin was very small in relation to past errors in forecasting the PSBR.

MRS R LOMAX

Distribution

Those present





**NOTE OF A MEETING IN HM TREASURY AT**  
**9.00 ON TUESDAY 12 FEBRUARY 1985**

Those Present      Chancellor  
                         Chief Secretary  
                         Financial Secretary  
                         Economic Secretary  
                         Minister of State  
                         Sir P Middleton  
                         Sir T Burns  
                         Mr Bailey  
                         Mr Cassell  
                         Mr Battishill  
                         Mr Evans  
                         Mr Odling-Smee  
                         Mr Scholar  
                         Miss Peirson  
                         Mr Riley  
                         Mr Cropper  
                         Mr Lord

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**MTFS AND PRESENTATION OF THE BUDGET**

**Papers**

Mr Odling-Smee's minute of 8 February.  
Mr Ridley's minute of 11 February.  
Mr Pratt's minute of 8 February.

**Economic assumptions for the MTFS**

The Chancellor asked why the profile of the GDP deflator was so uneven in 1984-85 and 1985-86. Sir T Burns said there was a case for smoothing the path leaving the level in 1985-86 unchanged. Other measures of inflation had a flatter profile; the GDP deflator reflected the effects of the coal strike and a lower exchange rate on domestic profits.

2. The Chancellor said he was content with the proposed assumptions for GDP, though the published figures should, as usual, be heavily rounded.



### Public Expenditure: 1985-86

3. There was general agreement that the reserve and hence the planning total for 1985-86 should be increased at the time of the Budget. The key questions were: the scale of the adjustment, how far it should be carried through into the later years, and the presentational implications of any changes, especially for the Budget. It was agreed that there was a significant difference between raising the planning total and publishing higher forecasts for debt interest.

4. In discussion, it was noted that there had been average overrun on the planning total in cost terms of between £2 and £2½ billion over the past few years; even excluding the coal strike the errors had averaged nearly £2 billion a year. Errors had been smaller in cash terms, largely due to lower than expected inflation. The central forecast suggested an overrun of £1½ billion on the planning total plus another £½ billion on debt interest - an increase of £2¼ billion compared with the 1985 PEWP.

5. The Chancellor said the choice of a new planning total should reflect a judgement about what was achievable; but it should also take account of the implications for public expenditure control and the likely market reaction. It was vital to stress that higher public expenditure reflected estimating changes not discretionary action. The uncertain cost of the coal strike was an obvious justification for raising the reserve next year.

6. It was agreed to raise the planning total for 1985-86 by £2 billion. A further £½ billion should be added to net debt interest (consistent with larger increases in the MTFs figures for gross debt interest payments and receipts).

### Later years

7. The Chancellor said that it was clear that the planning total for the later years would need to be increased at some stage; the difficult question was when this should be done - now or in July. In discussion it was agreed that while the need to raise the figures for the later years was less pressing, simply raising the planning total for 1985-86 would make the profile for public expenditure over the MTFs period unrealistic and incredible. It was important not to undermine the status of the MTFs as the macro economic framework within which Survey decisions were taken. On the other hand, carrying through the increase



in the planning total to later years would undoubtedly be seen as a major step both politically and in the markets. It might be difficult to justify - the coal strike was not an acceptable explanation.

8. The Chancellor said that raising the figures now would increase the chances of securing a good outcome on the 1985 survey. The scale of the adjustment would need to strike a balance between reestablishing credibility and maintaining downward pressure on public spending. This pointed to doing something fairly broadbrush. He noted that the forecast was projecting cash overruns of about £2 billion in 1986-87 and nearly £3 billion in 1987-88.

9. It was decided to add £2 billion to the reserve and the planning total in both years. For 1988-89 the planning total should be held flat in real terms at its 1987-88 level. A further £½ billion a year, outside the planning total, would be needed for debt interest. It was for further consideration whether any new special employment measures should be included within the £2 billion addition to the reserve.

### Presentation

10. The Chancellor said that recent events and greater realism would both need to feature in the explanation for these changes; the continuation of the coal strike and the recent rise in interest rates were mainly relevant to 1985-86. Revisions to the planning total should be properly presented as estimating changes, in the context of higher revenue forecasts. They should be kept quite separate from the Budget judgement. Nevertheless, the Budget would need to be tougher than it would otherwise have been, to offset the impression created on public expenditure. He was now thinking in terms of discretionary action of rather less than £1 billion in 1985-86.

11. In discussion, it was suggested that realism pointed to choosing a higher total for the PSBR. On the other hand, a combination of higher spending, tax cuts, and higher borrowing could have a very damaging effect on the markets. The Chancellor noted that last year's MTFS had specified the PSBR of 2 per cent of GDP for 1985-86; this was consistent with a nominal figure within the range £6.8 - £7.4 billion. A decision about the size of the PSBR to be published in the MTFS was deferred.



CH/EX. REF. NO. F4  
 COPY NO. 11 OF 13 COPIES  
 FROM: MRS R LOMAX  
 DATE: 4 February 1985

cc PS/Chief Secretary  
 PS/Financial Secretary  
 PS/Minister of State  
 Sir P Middleton  
 Sir T Burns  
 Mr Byatt  
 Mr Battishill  
 Mr Monger  
 Ms Seammen

MR MONCK

#### EMPLOYMENT ISSUES

Following his bilateral with the Prime Minister over the weekend, there are a number of questions that the Chancellor would like explored:-

- (i) The Youth Training Scheme: Is the present proposal to offer a second year to all who participate in this scheme or just the 16 year olds? If the former, how much would be saved by redefining it in the latter sense? And on both bases, what are the additional cost implications of withdrawing supplementary benefit for under 18 year olds?
- (ii) NICs: What are the implications of a revenue neutral scheme with unchanged main contribution rates, abolition of the upper earnings limit and a higher lower earnings limit?
- (iii) Community programme: The Chancellor is increasingly attracted to doing something cheap here - probably the charity based scheme. He also wonders if there is something cheap that could be done on the enterprise allowance scheme - for example, relaxing one of the conditions of take up, probably the requirement that a claimant actually be unemployed when he puts in his application.

*Rh.*

MRS R LOMAX

## BUDGET CONFIDENTIAL



FROM: P WYNN OWEN  
DATE: 5 February 1985

Ch/Ex Ref No: F10.

Copy No: 10... of 11...copies

PS/MINISTER OF STATE

cc PS/Chief Secretary  
PS/Financial Secretary  
PS/Economic Secretary  
Mr Monger  
Mr Griffiths  
Mr Lord  
PS/C&E

**BUDGET 1985: BETTING AND GAMING DUTIES**

The Chancellor has seen Mr Jenkins' minute of 31 January to the Minister of State and your minute of 4 February. He is content with the recommendation that these duties be left unchanged.

P  
wo.

P WYNN OWEN



FROM: MRS R LOMAX  
DATE: 1 February 1985

CH/EX REF NO 532

COPY NO 24 OF 25 COPIES

PS/CHIEF SECRETARY  
PS/FINANCIAL SECRETARY  
PS/MINISTER OF STATE  
PS/ECONOMIC SECRETARY  
SIR P MIDDLETON  
MR BAILEY  
SIR T BURNS  
MR LITTLER  
MR CASSELL  
MR MONCK  
MR BATTISHILL  
MR MONGER  
MR EVANS  
MR ODLING-SMEE  
SIR L AIREY (IR)  
MR ISAAC (IR)  
MR GREEN (IR)  
MR FRASER (C&E)  
MR CROPPER  
MR LORD

cc Mr Byatt (items 3&4)

**THIRD BUDGET OVERVIEW MEETING: 11AM 5 FEBRUARY  
PROVISIONAL AGENDA**

The provisional agenda for Tuesday's overview is as follows:-

- (i) Budget score-card: Mr Battishill's minute of 1 February
- (ii) Economic forecast: Mr Evans's minute of 31 January
- (iii) Taxation of pensions: Mr Corlett's minute of 30 January
- (iv) Capital allowances: Financial Secretary's minute of 1 February  
Mr Green's minute of 24 January and associated papers

BUDGET CONFIDENTIAL



(v) Capital transfer tax: Business relief. Mr Houghton's  
minute of 31 January  
Mr Isaac's minute of 4 January

(vi) Higher rate tax packages: Mr Isaac's minute of  
1 February

2. In addition to the regular membership copy addressees are  
invited to attend for the items shown.

*Pus.*

*ff*

MRS R LOMAX



FROM: MRS R LOMAX  
DATE: 4 February 1985

CH/EX REF NO F7

COPY NO 4 OF 24 COPIES

PS/CHIEF SECRETARY  
PS/FINANCIAL SECRETARY  
PS/MINISTER OF STATE  
PS/ECONOMIC SECRETARY  
SIR P MIDDLETON  
MR BAILEY  
SIR T BURNS  
MR LITTLER  
MR CASSELL  
MR MONCK  
MR BATTISHILL  
MR MONGER  
MR EVANS  
MR ODLING-SMEE  
SIR L AIREY (IR)  
MR ISAAC (IR)  
MR GREEN (IR)  
MR FRASER (C&E)  
MR CROPPER  
MR LORD

cc Mr Byatt (items 3&4)

**THIRD BUDGET OVERVIEW MEETING: 11AM 5 FEBRUARY - REVISED AGENDA**

The provisional agenda for Tuesday's overview is as follows:-

1. (i) Budget scorecard: Mr Battishill's minute of 1 February
2. (ii) Economic forecast: Mr Evans's minute of 31 January
3. (iii) Taxation of pensions: Mr Corlett's minute of 30 January
4. (iv) Capital allowances: Financial Secretary's minute of 1 February  
Mr Green's minute of 24 January and associated papers  
Mr Cassell's minute of 1 February on the North Sea Fiscal Regime

PTO.





5

(v) Capital transfer tax: Business relief. Mr Houghton's  
minute of 31 January  
Mr Isaac's minute of 4 January

*Mace.*

6

(vi) Higher rate tax packages: Mr Isaac's minute of  
1 February.

2. In addition to the regular membership copy addressees are invited to attend for the items shown.

*MOM*

*for* MRS R LOMAX



FROM: MRS R LOMAX

DATE: 7 February 1985

CH/EX REF NO F17  
COPY NO 4 OF 24 COPIES

PS/CHIEF SECRETARY  
PS/FINANCIAL SECRETARY  
PS/MINISTER OF STATE  
PS/ECONOMIC SECRETARY  
SIR P MIDDLETON  
MR BAILEY  
SIR T BURNS  
MR LITTLER  
MR CASSELL  
MR MONCK  
MR BATTISHILL  
MR MONGER  
MR ODLING-SMEE  
SIR L AIREY (IR)  
MR GREEN (IR)  
MR FRASER (C&E)  
MR CROPPER  
MR LORD

cc Mr Byatt (item 2)  
Ms Seammen (item 2)  
Mr Lankester (item 3)

#### FOURTH BUDGET OVERVIEW MEETING: 11AM 12 FEBRUARY - PROVISIONAL AGENDA

The provisional agenda for Tuesday's overview is as follows:-

- (i) Budget scorecard: Mr Battishill's minute of 8 February.
- (ii) Employers NICs and special employment measures: Mr Monck's minute of 8 February. *MST, I THINK YOU HAVE THESE PPS*
- (iii) Bond washing and CGT: Mr Isaac's minute of 5 February, Mr Lankester's minute of 11 February. *NOT RECEIVED YET*
- (iv) Lollipops: Mr Allen's minute of 8 February.
- (v) ~~Minor starters: Mr Goodman's minute of 8 February.~~ *NOT REQUIRED*

2. In addition to the regular membership copy addressees are invited to attend for the items shown.

*RL*  
MRS R LOMAX

*for approval. pl.*



*D (or keep in Budget + D)*

- PS/CHIEF SECRETARY
- PS/FINANCIAL SECRETARY
- PS/MINISTER OF STATE
- PS/ECONOMIC SECRETARY
- SIR P MIDDLETON
- MR BAILEY
- SIR T BURNS
- MR LITTLER
- MR CASSELL
- MR MONCK
- MR BATTISHILL
- MR MONGER
- MR ODLING-SMEE
- SIR L AIREY (IR)
- MR GREEN (IR)
- MR FRASER (C&E)
- MR CROPPER
- MR LORD

FROM: MRS R LOMAX  
 DATE: 7 February 1985  
 CH/EX REF NO \_\_\_\_\_  
 COPY NO \_\_\_\_ OF \_\_\_\_ COPIES

cc Mr Byatt (item 2)  
 Ms Seammen (item 2)  
 Mr Lankester (item 3)

**FOURTH BUDGET OVERVIEW MEETING: 11AM 12 FEBRUARY - PROVISIONAL AGENDA**

The provisional agenda for Tuesday's overview is as follows:-

*One-off - y any thresholds J.*

- (i) Budget scorecard: Mr Battishill's minute of 8 February.
- (ii) Employers NICs and special employment measures: Mr Monck's minute of 8 February.
- (iii) Bond washing and CGT: Mr Isaac's minute of 5 February, Mr Lankester's minute of 11 February.
- (iv) Lollipops: Mr Allen's minute of 8 February.
- (v) Minor starters: Ms Goodman's minute of 8 February.

*- Dnt (are there (R may need consideration)*

*(in one*

2. In addition to the regular membership copy addressees are invited to attend the items shown.



FROM: MRS R LOMAX

DATE: 7 February 1985

PS/CHIEF SECRETARY  
 PS/FINANCIAL SECRETARY  
 PS/MINISTER OF STATE  
 PS/ECONOMIC SECRETARY  
 SIR P MIDDLETON  
 MR BAILEY  
 SIR T BURNS ✓  
 MR LITTLER ✓  
 MR CASSELL ✓  
 MR MONCK ✓  
 MR BATTISHILL ✓  
 MR MONGER ✓  
 MR ODLING-SMEE ✓  
 SIR L AIREY (IR) ✓  
 MR GREEN (IR) ✓  
 MR FRASER (C&E)  
 MR CROPPER  
 MR LORD

CH/EX REF NO F17  
 COPY NO 23 OF 24 COPIES

cc Mr Byatt (item 2)  
 Ms Seammen (item 2)  
 Mr Lankester (item 3)

*pm*

*PSK spk v  
 Cash for Walker  
 Walker v  
 ml.*

#### FOURTH BUDGET OVERVIEW MEETING: 11AM 12 FEBRUARY - PROVISIONAL AGENDA

The provisional agenda for Tuesday's overview is as follows:-

- (i) Budget scorecard: Mr Battishill's minute of 8 February.
- (ii) Employers NICs and special employment measures: Mr Monck's minute of 8 February.
- (iii) Bond washing and CGT: Mr Isaac's minute of 5 February, Mr Lankester's minute of 11 February.
- (iv) Lollipops: Mr Allen's minute of 8 February.
- (v) Minor starters: Ms Goodman's minute of 8 February.

2. In addition to the regular membership copy addressees are invited to attend for the items shown.

*RL*

MRS R LOMAX

UNCLASSIFIED



FROM: MRS R LOMAX  
DATE: 8 February 1985

PS/CHIEF SECRETARY  
PS/FINANCIAL SECRETARY  
PS/MINISTER OF STATE  
PS/ECONOMIC SECRETARY  
SIR P MIDDLETON  
MR BAILEY  
SIR T BURNS  
MR LITTLER  
MR CASSELL  
MR MONCK  
MR BATTISHILL  
MR MONGER  
MR ODLING-SMEE  
SIR L AIREY (IR)  
MR GREEN (IR)  
MR FRASER (C&E)  
MR CROPPER  
MR LORD

**FOURTH BUDGET OVERVIEW MEETING: 11AM, 12 FEBRUARY - AGENDA CHANGE**

Item (v) Minor starters has been dropped from the agenda for <sup>the next</sup> ~~this week's~~ overview meeting.

MRS R LOMAX

## BUDGET SECRET



FROM: MRS R LOMAX  
 DATE: 11 February 1985

Ch/Ex Ref No: F23

Copy No: 22 of 24.

MR MONCK

cc Chief Secretary  
 Financial Secretary  
 Economic Secretary  
 Minister of State  
 Sir P Middleton  
 Mr Bailey  
 Sir T Burns  
 Mr Littler  
 Mr Byatt  
 Mr Cassell  
 Mr Battishill  
 Mr Monger  
 Ms Seammen  
 Miss Noble  
 Mr Cropper  
 Mr Lord  
 Sir L Airey - IR  
 Mr Green - IR  
 Mr Isaac - IR  
 Mr Fraser - C&E

**EMPLOYMENT MEASURES**

In advance of tomorrow's overview meeting, the Chancellor would like to see further work on the NIC options attached to your minute of 8 February. He is now primarily interested in keeping the existing 10.45 per cent main rate unchanged, but introducing a reduced rate band at low or even zero cost. In particular, he would like an assessment of the pros and cons of the following option: within revenue neutrality, abolish the upper earnings limit in order to pay for a lower rate band with the standard rate remaining at 10.45 per cent. The lower rate band could be 5 per cent up to £x a week - or a slightly higher percentage up to a slightly higher figure.

*RL.*

MRS R LOMAX



FROM: MRS R LOMAX

DATE: 15 February 1985

cc Mr Byatt item (iii)  
Mr Bridgeman item (ii) RFS  
Mr Munro item (ii) IR  
Mr Morgan item (iv) IR

PS/CHIEF SECRETARY  
PS/FINANCIAL SECRETARY  
PS/MINISTER OF STATE  
PS/ECONOMIC SECRETARY  
SIR P MIDDLETON  
MR BAILEY  
SIR T BURNS  
MR LITTLER  
MR CASSELL  
MR MONCK  
MR BATTISHILL  
MR MONGER  
MR ODLING-SMEE  
SIR L AIREY (IR)  
MR GREEN (IR)  
MR ISAAC (IR)  
MR FRASER (C&E)  
MR KNOX (C&E)  
MR CROPPER  
MR LORD

**FIFTH BUDGET OVERVIEW MEETING: 11 AM 19 FEBRUARY - REVISED AGENDA**

The revised agenda for Tuesday's overview is as follows:-

(i) Budget scorecard and variants:

Scorecard - Mr Battishill's minute of 15 February.

NIC options - Ms Seammen's minute of 15 February.

Personal tax allowance options - Mr Mace's minute of 15 February.

Beer and wine options - Mr Knox's minute of 15 February.



(ii) Minor starters:

Starter 128: Building Societies composite rate: timing of payments - Mr Cassell's minute of 15 February.

Starter 135: Dual resident companies - Ms Goodman's minute of 15 February.

Starters 106 and 178: Mortgage interest relief - Ms Goodman's note of 15 February.

(iii) VAT registration threshold:

Mr Knox's note of 15 February.

(iv) Development Land Tax:

Mr Morgan's minute of 9 January.

(v) Presentation of the Budget:

Draft Budget Speech - Mr Battishill's minute of 15 February.

2. Copy recipients are invited to attend for the items shown.

RL.

MRS R LOMAX





FROM: MRS R LOMAX

DATE: 15 February 1985

cc Mr Byatt item (iii)  
 Mr Bridgeman item (ii) RFS  
 Mr Munro item (ii) IR  
 Mr Morgan item (iv) IR

PS/CHIEF SECRETARY  
 PS/FINANCIAL SECRETARY  
 PS/MINISTER OF STATE  
 PS/ECONOMIC SECRETARY  
 SIR P MIDDLETON  
 MR BAILEY  
 SIR T BURNS  
 MR LITTLER  
 MR CASSELL  
 MR MONCK  
 MR BATTISHILL  
 MR MONGER  
 MR ODLING-SMEE  
 SIR L AIREY (IR)  
 MR GREEN (IR)  
 MR ISAAC (IR)  
 MR FRASER (C&E)  
 MR KNOX (C&E)  
 MR CROPPER  
 MR LORD

**FIFTH BUDGET OVERVIEW MEETING: 11 AM 19 FEBRUARY - REVISED AGENDA**

The revised agenda for Tuesday's overview is as follows:-

(i) Budget scorecard and variants:

Scorecard - Mr Battishill's minute of 15 February.

NIC options - Ms Seammen's minute of 15 February.

Personal tax allowance options - Mr Mace's minute of 15 February.

Beer and wine options - Mr Knox's minute of 15 February.

*extra NIC options. Add 18/2*



(ii) Minor starters:

Starter 128: Building Societies composite rate: timing of payments - Mr Cassell's minute of 15 February.

Starter 135: Dual resident companies - Ms Goodman's minute of 15 February.

Starters 106 and 178: Mortgage interest relief - Ms Goodman's note of 15 February.

(iii) VAT registration threshold:

Mr Knox's note of 15 February.

*MST; Cropper; G.P. Smith (Employment)*

(iv) Development Land Tax:

Mr Morgan's minute of 9 January.

(v) Presentation of the Budget:

Draft Budget Speech - Mr Battishill's minute of 15 February; *Goodman (AST)*

2. Copy recipients are invited to attend for the items shown.

*RL*

MRS R LOMAX



FROM: MRS R LOMAX

DATE: 15 February 1985

PS/CHIEF SECRETARY  
 PS/FINANCIAL SECRETARY  
 PS/MINISTER OF STATE  
 PS/ECONOMIC SECRETARY  
 SIR P MIDDLETON  
 MR BAILEY  
 SIR T BURNS  
 MR LITTLER  
 MR CASSELL  
 MR MONCK  
 MR BATTISHILL  
 MR MONGER  
 MR ODLING-SMEE  
 SIR L AIREY (IR)  
 MR GREEN (IR)  
 MR ISAAC (IR)  
 MR FRASER (C&E)  
 MR KNOX (C&E)  
 MR CROPPER  
 MR LORD

cc. Mr Byatt (item ii)

Mr Bridgeman item (ii) RFS  
 Mr Monro (item ii) IR  
 Mr Morgan item (v) IR

PSP

Mr Byatt - (type)  
 Mr Monro

REVISED

**FIFTH BUDGET OVERVIEW MEETING: 11 AM 19 FEBRUARY - PROVISIONAL AGENDA**

The <sup>revised</sup> ~~provisional~~ agenda for Tuesday's overview is as follows:-

(i) Budget scorecard and variants:

- Scorecard - Mr Battishill's minute of 15 February. ✓  
 NIC options - <sup>Mr Scamman's</sup> ~~Mr Monck's~~ minute of 15 February. ✓  
 Personal tax allowance options - Mr <sup>Mace's</sup> ~~Isaac's~~ minute of 15 February. ✓  
 Beer and wine options - Mr Knox's minute of 15 February.

(ii) Minor starters:

X | Starter 128: Building Societies composite rate: timing of payments - Mr Cassell's minute of 15 February. ✓



Starter 135: Dual resident companies - Ms Goodman's minute of 15 February. ✓

Starters 106 and 178: Mortgage interest relief - Ms Goodman's note of 15 February.

(iii) VAT registration threshold:

Mr Knox's note of 15 February. ✓

(iv) Development Land Tax . Mr Morgan's minute of 9 January

(v) ~~(iv)~~ Presentation of the Budget:

Draft Budget Speech - Mr Battishill's minute of 15 February. ✓

2. In addition to Copy <sup>recipients</sup> ~~addresses~~ are invited to attend for the items shown.

RL.

MRS R LOMAX



**NOTE OF A MEETING IN HM TREASURY AT**  
**9.00 ON TUESDAY 12 FEBRUARY 1985**

Those Present

Chancellor  
Chief Secretary  
Financial Secretary  
Economic Secretary  
Minister of State  
Sir P Middleton  
Sir T Burns  
Mr Bailey  
Mr Cassell  
Mr Battishill  
Mr Evans  
Mr Odling-Smee  
Mr Scholar  
Miss Peirson  
Mr Riley  
Mr Cropper  
Mr Lord

---

**MTFS AND PRESENTATION OF THE BUDGET**

**Papers**

Mr Odling-Smee's minute of 8 February.  
Mr Ridley's minute of 11 February.  
Mr Pratt's minute of 8 February.

**Economic assumptions for the MTFS**

The Chancellor asked why the profile of the GDP deflator was so uneven in 1984-85 and 1985-86. Sir T Burns said there was a case for smoothing the path leaving the level in 1985-86 unchanged. Other measures of inflation had a flatter profile; the GDP deflator reflected the effects of the coal strike and a lower exchange rate on domestic profits.

2. The Chancellor said he was content with the proposed assumptions for GDP, though the published figures should, as usual, be heavily rounded.



### Public Expenditure: 1985-86

3. There was general agreement that the reserve and hence the planning total for 1985-86 should be increased at the time of the Budget. The key questions were: the scale of the adjustment, how far it should be carried through into the later years, and the presentational implications of any changes, especially for the Budget. It was agreed that there was a significant difference between raising the planning total and publishing higher forecasts for debt interest.

4. In discussion, it was noted that there had been average overrun on the planning total in cost terms of between £2 and £2½ billion over the past few years; even excluding the coal strike the errors had averaged nearly £2 billion a year. Errors had been smaller in cash terms, largely due to lower than expected inflation. The central forecast suggested an overrun of £1½ billion on the planning total plus another £½ billion on debt interest - an increase of £2¼ billion compared with the 1985 PEWP.

5. The Chancellor said the choice of a new planning total should reflect a judgement about what was achievable; but it should also take account of the implications for public expenditure control and the likely market reaction. It was vital to stress that higher public expenditure reflected estimating changes not discretionary action. The uncertain cost of the coal strike was an obvious justification for raising the reserve next year.

6. It was agreed to raise the planning total for 1985-86 by £2 billion. A further £½ billion should be added to net debt interest (consistent with larger increases in the MTFs figures for gross debt interest payments and receipts).

### Later years

7. The Chancellor said that it was clear that the planning total for the later years would need to be increased at some stage; the difficult question was when this should be done - now or in July. In discussion it was agreed that while the need to raise the figures for the later years was less pressing, simply raising the planning total for 1985-86 would make the profile for public expenditure over the MTFs period unrealistic and incredible. It was important not to undermine the status of the MTFs as the macro economic framework within which Survey decisions were taken. On the other hand, carrying through the increase



in the planning total to later years would undoubtedly be seen as a major step both politically and in the markets. It might be difficult to justify - the coal strike was not an acceptable explanation.

8. The Chancellor said that raising the figures now would increase the chances of securing a good outcome on the 1985 survey. The scale of the adjustment would need to strike a balance between reestablishing credibility and maintaining downward pressure on public spending. This pointed to doing something fairly broadbrush. He noted that the forecast was projecting cash overruns of about £2 billion in 1986-87 and nearly £3 billion in 1987-88.

9. It was decided to add £2 billion to the reserve and the planning total in both years. For 1988-89 the planning total should be held flat in real terms at its 1987-88 level. A further £½ billion a year, outside the planning total, would be needed for debt interest. It was for further consideration whether any new special employment measures should be included within the £2 billion addition to the reserve.

### Presentation

10. The Chancellor said that recent events and greater realism would both need to feature in the explanation for these changes; the continuation of the coal strike and the recent rise in interest rates were mainly relevant to 1985-86. Revisions to the planning total should be properly presented as estimating changes, in the context of higher revenue forecasts. They should be kept quite separate from the Budget judgement. Nevertheless, the Budget would need to be tougher than it would otherwise have been, to offset the impression created on public expenditure. He was now thinking in terms of discretionary action of rather less than £1 billion in 1985-86.

11. In discussion, it was suggested that realism pointed to choosing a higher total for the PSBR. On the other hand, a combination of higher spending, tax cuts, and higher borrowing could have a very damaging effect on the markets. The Chancellor noted that last year's MTFS had specified the PSBR of 2 per cent of GDP for 1985-86; this was consistent with a nominal figure within the range £6.8 - £7.4 billion. A decision about the size of the PSBR to be published in the MTFS was deferred.



Pre Budget announcements

12. It was agreed that there were substantial market drawbacks to announcing new public expenditure figures ahead of the Budget. But something would need to be said in general terms both at the Economic Cabinet and to Parliament. The first Parliamentary opportunity would arise with the Chief Secretary's appearance in front of the TCSC. It was agreed that the Chief Secretary should acknowledge that the public expenditure figures were being reviewed as part of the pre Budget exercise and that any changes would be announced at Budget time. The precise terms of the Chief Secretary's evidence would need to reflect discussion with the Prime Minister and at Thursday's Cabinet.

*RL.*

MRS R LOMAX

13 February 1985

Circulation

Those present





CH/EX. REF. NO. F4  
 COPY NO. 11 OF 13 COPIES  
 FROM: MRS R LOMAX  
 DATE: 4 February 1985

cc PS/Chief Secretary  
 PS/Financial Secretary  
 PS/Minister of State  
 Sir P Middleton  
 Sir T Burns  
 Mr Byatt  
 Mr Battishill  
 Mr Monger  
 Ms Seammen

MR MONCK

#### EMPLOYMENT ISSUES

Following his bilateral with the Prime Minister over the weekend, there are a number of questions that the Chancellor would like explored:-

- (i) The Youth Training Scheme: Is the present proposal to offer a second year to all who participate in this scheme or just the 16 year olds? If the former, how much would be saved by redefining it in the latter sense? And on both bases, what are the additional cost implications of withdrawing supplementary benefit for under 18 year olds?
- (ii) NICs: What are the implications of a revenue neutral scheme with unchanged main contribution rates, abolition of the upper earnings limit and a higher lower earnings limit?
- (iii) Community programme: The Chancellor is increasingly attracted to doing something cheap here - probably the charity based scheme. He also wonders if there is something cheap that could be done on the enterprise allowance scheme - for example, relaxing one of the conditions of take up, probably the requirement that a claimant actually be unemployed when he puts in his application.

*Rh.*

MRS R LOMAX

## BUDGET CONFIDENTIAL



FROM: P WYNN OWEN  
DATE: 5 February 1985

Ch/Ex Ref No: **F.10.**

Copy No: **10**... of **11**...copies

PS/MINISTER OF STATE

cc PS/Chief Secretary  
PS/Financial Secretary  
PS/Economic Secretary  
Mr Monger  
Mr Griffiths  
Mr Lord  
PS/C&E

**BUDGET 1985: BETTING AND GAMING DUTIES**

The Chancellor has seen Mr Jenkins' minute of 31 January to the Minister of State and your minute of 4 February. He is content with the recommendation that these duties be left unchanged.

*P*  
*wo.*

P WYNN OWEN



FROM: MRS R LOMAX  
DATE: 1 February 1985

CH/EX REF NO 532

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SIR T BURNS  
MR LITTLER  
MR CASSELL  
MR MONCK  
MR BATTISHILL  
MR MONGER  
MR EVANS  
MR ODLING-SMEE  
SIR L AIREY (IR)  
MR ISAAC (IR)  
MR GREEN (IR)  
MR FRASER (C&E)  
MR CROPPER  
MR LORD

cc Mr Byatt (items 3&4)

**THIRD BUDGET OVERVIEW MEETING: 11AM 5 FEBRUARY  
PROVISIONAL AGENDA**

The provisional agenda for Tuesday's overview is as follows:-

- (i) Budget score-card: Mr Battishill's minute of 1 February
- (ii) Economic forecast: Mr Evans's minute of 31 January
- (iii) Taxation of pensions: Mr Corlett's minute of 30 January
- (iv) Capital allowances: Financial Secretary's minute of 1 February  
Mr Green's minute of 24 January and associated papers

BUDGET CONFIDENTIAL



(v) Capital transfer tax: Business relief. Mr Houghton's  
minute of 31 January  
Mr Isaac's minute of 4 January

(vi) Higher rate tax packages: Mr Isaac's minute of  
1 February

2. In addition to the regular membership copy addressees are  
invited to attend for the items shown.

*Rus.*

*PP*

MRS R LOMAX



FROM: MRS R LOMAX  
DATE: 4 February 1985

CH/EX REF NO F7

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PS/ECONOMIC SECRETARY  
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SIR T BURNS  
MR LITTLER  
MR CASSELL  
MR MONCK  
MR BATTISHILL  
MR MONGER  
MR EVANS  
MR ODLING-SMEE  
SIR L AIREY (IR)  
MR ISAAC (IR)  
MR GREEN (IR)  
MR FRASER (C&E)  
MR CROPPER  
MR LORD

cc Mr Byatt (items 3&4)

**THIRD BUDGET OVERVIEW MEETING: 11AM 5 FEBRUARY - REVISED AGENDA**

The provisional agenda for Tuesday's overview is as follows:-

1. (i) Budget scorecard: Mr Battishill's minute of 1 February
2. (ii) Economic forecast: Mr Evans's minute of 31 January
3. (iii) Taxation of pensions: Mr Corlett's minute of 30 January
4. (iv) Capital allowances: Financial Secretary's minute of 1 February  
Mr Green's minute of 24 January and associated papers  
Mr Cassell's minute of 1 February on the North Sea Fiscal Regime

PTO.



5

(v) Capital transfer tax: Business relief. Mr Houghton's  
minute of 31 January  
Mr Isaac's minute of 4 January

*Mace.*

6

(vi) Higher rate tax packages: Mr Isaac's minute of  
1 February.

2. In addition to the regular membership copy addressees are  
invited to attend for the items shown.

*Mom*

*for* MRS R LOMAX



FROM: MRS R LOMAX

DATE: 7 February 1985

CH/EX REF NO F17  
COPY NO 4 OF 24 COPIES

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PS/FINANCIAL SECRETARY  
PS/MINISTER OF STATE  
PS/ECONOMIC SECRETARY  
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MR BAILEY  
SIR T BURNS  
MR LITTLER  
MR CASSELL  
MR MONCK  
MR BATTISHILL  
MR MONGER  
MR ODLING-SMEE  
SIR L AIREY (IR)  
MR GREEN (IR)  
MR FRASER (C&E)  
MR CROPPER  
MR LORD

cc Mr Byatt (item 2)  
Ms Seammen (item 2)  
Mr Lankester (item 3)

#### FOURTH BUDGET OVERVIEW MEETING: 11AM 12 FEBRUARY - PROVISIONAL AGENDA

The provisional agenda for Tuesday's overview is as follows:-

- (i) Budget scorecard: Mr Battishill's minute of 8 February.
- (ii) Employers NICs and special employment measures: Mr Monck's minute of 8 February. *MST, I THINK YOU HAVE THESE PPS*
- (iii) Bond washing and CGT: Mr Isaac's minute of 5 February, Mr Lankester's minute of 11 February. *NOT RECEIVED YET*
- (iv) Lollipops: Mr Allen's minute of 8 February.
- (v) Minor starters: ~~Mr Goodman's minute of 8 February~~ *NOT REQUIRED*

2. In addition to the regular membership copy addressees are invited to attend for the items shown.

*RL*  
MRS R LOMAX

*for approval. pl.*

PS/CHIEF SECRETARY  
 PS/FINANCIAL SECRETARY  
 PS/MINISTER OF STATE  
 PS/ECONOMIC SECRETARY  
 SIR P MIDDLETON  
 MR BAILEY  
 SIR T BURNS  
 MR LITTLER  
 MR CASSELL  
 MR MONCK  
 MR BATTISHILL  
 MR MONGER  
 MR ODLING-SMEE  
 SIR L AIREY (IR)  
 MR GREEN (IR)  
 MR FRASER (C&E)  
 MR CROPPER  
 MR LORD

FROM: MRS R LOMAX

DATE: 7 February 1985

CH/EX REF NO \_\_\_\_\_

COPY NO \_\_\_\_\_ OF \_\_\_\_\_ COPIES

cc Mr Byatt (item 2)  
 Ms Seammen (item 2)  
 Mr Lankester (item 3)

*D (or  
 keep in  
 Budget +  
 D)*

#### FOURTH BUDGET OVERVIEW MEETING: 11AM 12 FEBRUARY - PROVISIONAL AGENDA

The provisional agenda for Tuesday's overview is as follows:-

- [One-off - y any  
 households J.]*
- (i) Budget scorecard: Mr Battishill's minute of 8 February.
- (ii) Employers NICs and special employment measures: Mr Monck's minute of 8 February.
- (iii) Bond washing and CGT: Mr Isaac's minute of 5 February, Mr Lankester's minute of 11 February.
- (iv) Lollipops: Mr Allen's minute of 8 February.
- (v) Minor starters: Ms Goodman's minute of 8 February.

*- Dnt (are there (R may  
 need consideration)*

*(m ore*

2. In addition to the regular membership copy addressees are invited to attend the items shown.





FROM: MRS R LOMAX

DATE: 7 February 1985

PS/CHIEF SECRETARY  
 PS/FINANCIAL SECRETARY  
 PS/MINISTER OF STATE  
 PS/ECONOMIC SECRETARY  
 SIR P MIDDLETON  
 MR BAILEY  
 SIR T BURNS ✓  
 MR LITTLER ✓  
 MR CASSELL ✓  
 MR MONCK ✓  
 MR BATTISHILL ✓  
 MR MONGER ✓  
 MR ODLING-SMEE ✓  
 SIR L AIREY (IR) ✓  
 MR GREEN (IR) ✓  
 MR FRASER (C&E)  
 MR CROPPER  
 MR LORD

CH/EX REF NO F17  
 COPY NO 23 OF 24 COPIES

cc Mr Byatt (item 2)  
 Ms Seammen (item 2)  
 Mr Lankester (item 3)

*Handwritten note in a red circle:*  
 P46 spk v  
 ask for Walker  
 Blake v  
 ml.

#### FOURTH BUDGET OVERVIEW MEETING: 11AM 12 FEBRUARY - PROVISIONAL AGENDA

The provisional agenda for Tuesday's overview is as follows:-

- (i) Budget scorecard: Mr Battishill's minute of 8 February.
- (ii) Employers NICs and special employment measures: Mr Monck's minute of 8 February.
- (iii) Bond washing and CGT: Mr Isaac's minute of 5 February, Mr Lankester's minute of 11 February.
- (iv) Lollipops: Mr Allen's minute of 8 February.
- (v) Minor starters: Ms Goodman's minute of 8 February.

2. In addition to the regular membership copy addressees are invited to attend for the items shown.

*Signature: RL*  
 MRS R LOMAX

UNCLASSIFIED



FROM: MRS R LOMAX  
DATE: 8 February 1985

PS/CHIEF SECRETARY  
PS/FINANCIAL SECRETARY  
PS/MINISTER OF STATE  
PS/ECONOMIC SECRETARY  
SIR P MIDDLETON  
MR BAILEY  
SIR T BURNS  
MR LITTLER  
MR CASSELL  
MR MONCK  
MR BATTISHILL  
MR MONGER  
MR ODLING-SMEE  
SIR L AIREY (IR)  
MR GREEN (IR)  
MR FRASER (C&E)  
MR CROPPER  
MR LORD

**FOURTH BUDGET OVERVIEW MEETING: 11AM, 12 FEBRUARY - AGENDA CHANGE**

Item (v) Minor starters has been dropped from the agenda for <sup>the next</sup> ~~this week's~~ overview meeting.

MRS R LOMAX

BUDGET SECRET



FROM: MRS R LOMAX  
 DATE: 11 February 1985

Ch/Ex Ref No: F23

Copy No: 22 of 24.

MR MONCK

cc Chief Secretary  
 Financial Secretary  
 Economic Secretary  
 Minister of State  
 Sir P Middleton  
 Mr Bailey  
 Sir T Burns  
 Mr Littler  
 Mr Byatt  
 Mr Cassell  
 Mr Battishill  
 Mr Monger  
 Ms Seammen  
 Miss Noble  
 Mr Cropper  
 Mr Lord  
 Sir L Airey - IR  
 Mr Green - IR  
 Mr Isaac - IR  
 Mr Fraser - C&E

**EMPLOYMENT MEASURES**

In advance of tomorrow's overview meeting, the Chancellor would like to see further work on the NIC options attached to your minute of 8 February. He is now primarily interested in keeping the existing 10.45 per cent main rate unchanged, but introducing a reduced rate band at low or even zero cost. In particular, he would like an assessment of the pros and cons of the following option: within revenue neutrality, abolish the upper earnings limit in order to pay for a lower rate band with the standard rate remaining at 10.45 per cent. The lower rate band could be 5 per cent up to fx a week - or a slightly higher percentage up to a slightly higher figure.

*RL.*

MRS R LOMAX



FROM: MRS R LOMAX

DATE: 15 February 1985

cc Mr Byatt item (iii)  
Mr Bridgeman item (ii) RFS  
Mr Munro item (ii) IR  
Mr Morgan item (iv) IR

PS/CHIEF SECRETARY

PS/FINANCIAL SECRETARY

PS/MINISTER OF STATE

PS/ECONOMIC SECRETARY

SIR P MIDDLETON

MR BAILEY

SIR T BURNS

MR LITTLER

MR CASSELL

MR MONCK

MR BATTISHILL

MR MONGER

MR ODLING-SMEE

SIR L AIREY (IR)

MR GREEN (IR)

MR ISAAC (IR)

MR FRASER (C&amp;E)

MR KNOX (C&amp;E)

MR CROPPER

MR LORD

**FIFTH BUDGET OVERVIEW MEETING: 11 AM 19 FEBRUARY - REVISED AGENDA**

The revised agenda for Tuesday's overview is as follows:-

(i) Budget scorecard and variants:

Scorecard - Mr Battishill's minute of 15 February.

NIC options - Ms Seammen's minute of 15 February.

Personal tax allowance options - Mr Mace's minute of 15 February.

Beer and wine options - Mr Knox's minute of 15 February.



(ii) Minor starters:

Starter 128: Building Societies composite rate: timing of payments - Mr Cassell's minute of 15 February.

Starter 135: Dual resident companies - Ms Goodman's minute of 15 February.

Starters 106 and 178: Mortgage interest relief - Ms Goodman's note of 15 February.

(iii) VAT registration threshold:

Mr Knox's note of 15 February.

(iv) Development Land Tax:

Mr Morgan's minute of 9 January.

(v) Presentation of the Budget:

Draft Budget Speech - Mr Battishill's minute of 15 February.

2. Copy recipients are invited to attend for the items shown.

RL.

MRS R LOMAX



FROM: MRS R LOMAX

DATE: 15 February 1985

cc Mr Byatt item (iii)

Mr Bridgeman item (ii) RFS

Mr Munro item (ii) IR

Mr Morgan item (iv) IR

PS/CHIEF SECRETARY

PS/FINANCIAL SECRETARY

PS/MINISTER OF STATE

PS/ECONOMIC SECRETARY

SIR P MIDDLETON

MR BAILEY

SIR T BURNS

MR LITTLER

MR CASSELL

MR MONCK

MR BATTISHILL

MR MONGER

MR ODLING-SMEE

SIR L AIREY (IR)

MR GREEN (IR)

MR ISAAC (IR)

MR FRASER (C&amp;E)

MR KNOX (C&amp;E)

MR CROPPER

MR LORD

**FIFTH BUDGET OVERVIEW MEETING: 11 AM 19 FEBRUARY - REVISED AGENDA**

The revised agenda for Tuesday's overview is as follows:-

(i) Budget scorecard and variants:

Scorecard - Mr Battishill's minute of 15 February.

NIC options - Ms Seammen's minute of 15 February.

Personal tax allowance options - Mr Mace's minute of 15 February.

Beer and wine options - Mr Knox's minute of 15 February.

*text NIC options. Add 18/2*



(ii) Minor starters:

Starter 128: Building Societies composite rate: timing of payments - Mr Cassell's minute of 15 February.

Starter 135: Dual resident companies - Ms Goodman's minute of 15 February.

Starters 106 and 178: Mortgage interest relief - Ms Goodman's note of 15 February.

(iii) VAT registration threshold:

Mr Knox's note of 15 February.

*MST; Cropper; G.P. Smith (Employment)*

(iv) Development Land Tax:

Mr Morgan's minute of 9 January.

(v) Presentation of the Budget:

Draft Budget Speech - Mr Battishill's minute of 15 February, *Goodman (AST)*

2. Copy recipients are invited to attend for the items shown.

*RL.*

MRS R LOMAX



FROM: MRS R LOMAX

DATE: 15 February 1985

PS/CHIEF SECRETARY  
 PS/FINANCIAL SECRETARY  
 PS/MINISTER OF STATE  
 PS/ECONOMIC SECRETARY  
 SIR P MIDDLETON  
 MR BAILEY  
 SIR T BURNS  
 MR LITTLER  
 MR CASSELL  
 MR MONCK  
 MR BATTISHILL  
 MR MONGER  
 MR ODLING-SMEE  
 SIR L AIREY (IR)  
 MR GREEN (IR)  
 MR ISAAC (IR)  
 MR FRASER (C&E)  
 MR KNOX (C&E)  
 MR CROPPER  
 MR LORD

cc. Mr Byatt (item ii)

Mr Bridgeman item (ii) RFS  
 Mr Monro (item ii) IR  
 Mr Morgan item (v) IR

PSP

Mr Byatt allowance - (type)  
 Mr Monro

REVISED

### FIFTH BUDGET OVERVIEW MEETING: 11 AM 19 FEBRUARY - PROVISIONAL AGENDA

<sup>revised</sup>  
 The ~~provisional~~ agenda for Tuesday's overview is as follows:-

(i) Budget scorecard and variants:

- Scorecard - Mr Battishill's minute of 15 February. ✓  
 NIC options - <sup>Mr Seaman's</sup> ~~Mr Monck's~~ minute of 15 February. ✓  
 Personal tax allowance options - Mr <sup>Mace's</sup> ~~Isaac's~~ minute of 15 February. ✓  
 Beer and wine options - Mr Knox's minute of 15 February.

(ii) Minor starters:

X | Starter 128: Building Societies composite rate: timing of payments - Mr Cassell's minute of 15 February. ✓





Starter 135: Dual resident companies - Ms Goodman's minute of 15 February. ✓

Starters 106 and 178: Mortgage interest relief - Ms Goodman's note of 15 February.

(iii) VAT registration threshold:

Mr Knox's note of 15 February. ✓

(iv) Development Land Tax - Mr Morgan's minute of 9 January

(v) ~~(iv)~~ Presentation of the Budget:

Draft Budget Speech - Mr Battishill's minute of 15 February. ✓

2. In addition to Copy <sup>recipients</sup> ~~addresses~~ are invited to attend for the items shown.

RL.

MRS R LOMAX

17/5 18 FEB 1985 -3



FROM: MRS R LOMAX

DATE: 15 February 1985

cc Mr Byatt item (iii)

Mr Bridgeman item (ii) RFS

Mr Munro item (ii) IR

Mr Morgan item (iv) IR

PS/CHIEF SECRETARY

PS/FINANCIAL SECRETARY

PS/MINISTER OF STATE

PS/ECONOMIC SECRETARY

SIR P MIDDLETON

MR BAILEY

SIR T BURNS

MR LITTLER

MR CASSELL

MR MONCK

MR BATTISHILL

MR MONGER

MR ODLING-SMEE

SIR L AIREY (IR)

MR GREEN (IR)

MR ISAAC (IR)

MR FRASER (C&amp;E)

MR KNOX (C&amp;E)

MR CROPPER

MR LORD

**FIFTH BUDGET OVERVIEW MEETING: 11 AM 19 FEBRUARY - REVISED AGENDA**

The revised agenda for Tuesday's overview is as follows:-

(i) Budget scorecard and variants:

Scorecard - Mr Battishill's minute of 15 February.

NIC options - Ms Seammens's minute of 15 February.

Personal tax allowance options - Mr Mace's minute of 15 February.

Beer and wine options - Mr Knox's minute of 15 February.



(ii) Minor starters:

Starter 128: Building Societies composite rate: timing of payments - Mr Cassell's minute of 15 February.

Starter 135: Dual resident companies - Ms Goodman's minute of 15 February.

Starters 106 and 178: Mortgage interest relief - Ms Goodman's note of 15 February.

(iii) VAT registration threshold:

Mr Knox's note of 15 February.

(iv) Development Land Tax:

Mr Morgan's minute of 9 January.

(v) Presentation of the Budget:

Draft Budget Speech - Mr Battishill's minute of 15 February.

2. Copy recipients are invited to attend for the items shown.

RL

MRS R LOMAX

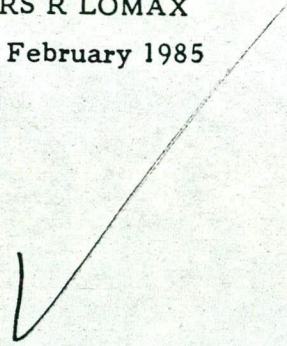
MS

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 7/5 10/10/85 -4  
 18/2



FROM: MRS R LOMAX  
 DATE: 15 February 1985

PS/CHIEF SECRETARY  
 PS/FINANCIAL SECRETARY  
 PS/MINISTER OF STATE  
 PS/ECONOMIC SECRETARY  
 SIR P MIDDLETON  
 MR BAILEY  
 SIR T BURNS  
 MR LITTLER  
 MR CASSELL  
 MR MONCK  
 MR BATTISHILL  
 MR MONGER  
 MR ODLING-SMEE  
 SIR L AIREY (IR)  
 MR GREEN (IR)  
 MR ISAAC (IR)  
 MR FRASER (C&E)  
 MR KNOX (C&E)  
 MR CROPPER  
 MR LORD



**FIFTH BUDGET OVERVIEW MEETING: 11 AM 19 FEBRUARY - PROVISIONAL AGENDA**

The provisional agenda for Tuesday's overview is as follows:-

(i) Budget scorecard and variants:

- M L - Scorecard - Mr Battishill's minute of 15 February.
- NIC options - Mr Monck's minute of 15 February.
- Personal tax allowance options - Mr Isaac's minute of 15 February.
- Beer and wine options - Mr Knox's minute of 15 February.

(ii) Minor starters:

- Starter 128: Building Societies composite rate: timing of payments - Mr Cassell's minute of 15 February.



Starter 135: Dual resident companies - Ms Goodman's minute of 15 February.

Starters 106 and 178: Mortgage interest relief - Ms Goodman's note of 15 February.

(iii) VAT registration threshold:

Mr Knox's note of 15 February.

(iv) Presentation of the Budget:

Draft Budget Speech - Mr Battishill's minute of 15 February.

A handwritten signature in cursive script, appearing to be "RL".

MRS R LOMAX



FROM: MRS R LOMAX  
DATE: 1 March 1985

M/S E1 MAR 1985-4

PS/CHIEF SECRETARY  
PS/FINANCIAL SECRETARY  
PS/MINISTER OF STATE  
PS/ECONOMIC SECRETARY  
SIR P MIDDLETON  
MR BAILEY  
SIR T BURNS  
MR LITTLER  
MR CASSELL  
MR MONCK  
MR BATTISHILL  
MR EVANS  
MR MONGER  
MR ODLING-SMEE  
MR CROPPER  
MR H DAVIES  
MR LORD  
SIR L AIREY (IR)  
MR ISAAC (IR)  
MR GREEN (IR)  
MR FRASER (C&E)  
MR KNOX (C&E)

cc Ms Seammes (Item 2 only)  
Mr Folger (Item 3 only)

SEVENTH BUDGET OVERVIEW MEETING: 11am TUESDAY 5 MARCH  
PROVISIONAL AGENDA

The provisional agenda for Tuesday's overview meeting is as follows:-

- (i) Budget Score-Card: Mr Battishill's minute of 1 March.
  - (ii) Employees National Insurance Contributions:  
Miss Noble's note of 1 March.
  - (iii) Budget Presentation: Sir P Middleton's minute of 1 March.
2. Copy recipients are invited to attend for the items shown.
  3. The meeting is likely to finish before lunch.

Rh

MRS R LOMAX

o/s - 8 MAR 1985 - 2



FROM: MRS R LOMAX

DATE: 8 March 1985

PS/CHIEF SECRETARY  
 PS/FINANCIAL SECRETARY  
 PS/MINISTER OF STATE  
 PS/ECONOMIC SECRETARY  
 SIR P MIDDLETON  
 MR BAILEY  
 SIR T BURNS  
 MR LITTLER  
 MR CASSELL  
 MR MONCK  
 MR BATTISHILL  
 MR EVANS  
 MR MONGER  
 MR ODLING-SMEE  
 MR CULPIN  
 MR FOLGER  
 SIR L AIREY (IR)  
 MR GREEN (IR)  
 MR FRASER (C&E)  
 MR KNOX (C&E)  
 MR CROPPER  
 MR H DAVIES  
 MR LORD

Rachel

You asked for this  
 last night.

None  
 14/11

pa-p

### EIGHTH BUDGET OVERVIEW MEETING: TUESDAY 12 MARCH - PROVISIONAL AGENDA

The provisional agenda for Tuesday's overview is as follows:-

(i) Budget score-card:

Mr Battishill's minute of 8 March.

(ii) Presentation of the Budget:

To be raised orally.

RESERVE INCREASE - INFORMING DEPARTMENTS

*[Handwritten signature]*

MRS R LOMAX



FROM: MISS M O'MARA  
DATE: 25 February 1985

CH/EX REF NO F65  
COPY NO 13 OF 13 COPIES

MR MONGER

cc PS/Chief Secretary  
PS/Financial Secretary  
PS/Minister of State  
PS/Economic Secretary  
Mr Cassell  
Mr Battishill  
Mr R I G Allen  
Mr Griffiths  
PS/C&E  
PS/IR

**MEETING WITH MR JOPLING: 21 JANUARY**

The Chancellor discussed with Mr Jopling on Thursday afternoon those Budget issues which most affected his departmental responsibility, in the light of earlier correspondence.

2. As far as duties on alcohol were concerned, the Chancellor said that he could go some way towards Mr Jopling's requests but his revenue needs prevented him from meeting him totally. He confirmed that the duty on whisky would rise by less than the rate of inflation. The Chancellor said he would have liked to have given spirits especially favourable treatment but pointed out that this was simply not possible under the Commission rules. He had also not found it possible to take any action on stock relief, since this could not have been confined to the whisky industry and would thus have proved extremely expensive. He therefore believed that any relief for the industry should be concentrated on the specific duties.

3. The Chancellor confirmed that he was not intending to impose VAT on food. It was partly because his scope for extending the VAT base was limited that he needed to raise more revenue through increases in the excise duties.

4. Mr Jopling said that his principal worry arose over the treatment of farmers as unincorporated businesses. The Chancellor



## BUDGET SECRET



said he planned to help the unincorporated business sector in the Budget although not in any of the ways which Mr Jopling had suggested. He also hoped to give farmers some assistance in relation to capital taxes. In answer to a question from Mr Jopling, he explained that he could give little help on CGT without losing revenue on a scale which he could not contemplate, since any concessions could not be limited to farmers. It would, for example, be very expensive to change the base year from 1965 to 1982. He hoped that at a future date he might be able to combine a raising of thresholds and a lowering of the CGT rate but this had to be ruled out for 1985. He therefore had it in mind to make concessions on CTT agricultural relief which would benefit both on the owner occupier and let land. This would have the greater impact for being unexpected. Mr Jopling agreed that such action would be helpful.

5. The Chancellor said he would not want to give the impression that these measures would fully compensate the unincorporated sector for the loss of first year allowances but he nevertheless believed they were worthwhile. He pointed out that the loss of allowances essentially represented a cash flow problem, while the action he was proposing on CTT amounted to a genuine reduction in tax.

6. Mr Jopling suggested that more thought should be given to the role of the agricultural land owner who was not treated as a serious businessman under the present tax system. He could not, for example, take advantage of the rollover arrangements for CGT or of retirement relief. Mr Jopling felt this was a total anomaly. The Chancellor said that the CTT changes he was proposing should help on that score.

7. On VED, the Chancellor said that he had decided to accept the proposals which the Secretary of State for Transport had

BUDGET SECRET



put forward. Mr Jopling expressed some concern; he noted that he had tried to be helpful, but he believed that these measures would cause a great deal of difficulty. The Chancellor thanked Mr Jopling for his support.

8. Turning to pensions, Mr Jopling advocated extreme caution over changing the existing tax treatment. The Chancellor noted that he had received more representations on this subject than on any other.

9. In general, the Chancellor said he believed that given the very narrow constraints within which he was forced to operate this year, the agricultural industry should not have any cause for complaint about the 1985 Budget; indeed, there would be some measures which they should positively welcome.

10. Mr Jopling said that the outlook for agriculture as a whole appeared very gloomy over the next few years. He would appreciate an opportunity to discuss the problems of the farming community more generally with the Chancellor at a later date. The Chancellor suggested that the key to improving the prospects for farmers lay in securing a reduction in grain prices.

11. Finally, Mr Jopling referred to the possibility of an increase in electricity prices after the coal strike had ended. The Chancellor explained that the public expenditure outlook was very worrying. However, while the substantial losses incurred by the electricity industry as a result of the strike should logically be recouped in higher prices, he noted that gas had been persistently under-priced. If, therefore, it was possible to achieve substantial progress on gas, where the case for action was stronger, he would not himself wish to argue that the cost of the strike should be recouped in higher electricity prices. Mr Jopling agreed that it was probably sensible to focus efforts on increasing gas prices.

MOM

MISS M O'MARA



FROM: MRS R LOMAX  
DATE: 5 March 1985

PS/INLAND REVENUE

cc PS/Financial Secretary  
PS/Minister of State  
Sir P Middleton  
Sir T Burns  
Mr Cassell  
Mr Monck  
Mr Battishill  
Mr Monger  
Ms Seammen  
Miss Noble

**TAX DEDUCTIBILITY OF CLASS 2 AND 4  
NATIONAL INSURANCE CONTRIBUTIONS**

As you know, the 50/50 tax deductibility option for the self-employed was dropped at this morning's overview meeting, but the Chancellor still hankers after doing something in this area. He would be grateful if you could arrange for the following proposal to be considered. Those of the self-employed who pay only Class 2 contributions would be allowed to set them in full or in part against tax; those who pay both Classes 2 and 4 would be allowed to deduct Class 4 only.

2. Does this proposal make any sense in administrative terms? And if so, how much would it cost?

A handwritten signature in cursive script, appearing to be 'RL'.

MRS R LOMAX



FROM: MRS R LOMAX

DATE: 8 March 1985

PS/CHIEF SECRETARY  
PS/FINANCIAL SECRETARY  
PS/MINISTER OF STATE  
PS/ECONOMIC SECRETARY  
SIR P MIDDLETON  
MR BAILEY  
SIR T BURNS  
MR LITTLER  
MR CASSELL  
MR MONCK  
MR BATTISHILL  
MR EVANS  
MR MONGER  
MR ODLING-SMEE  
MR CULPIN  
MR FOLGER  
SIR L AIREY (IR)  
MR GREEN (IR)  
MR FRASER (C&E)  
MR KNOX (C&E)  
MR CROPPER  
MR H DAVIES  
MR LORD

**EIGHTH BUDGET OVERVIEW MEETING: TUESDAY 12 MARCH - PROVISIONAL AGENDA**

The provisional agenda for Tuesday's overview is as follows:-

(i) Budget score-card:

Mr Battishill's minute of 8 March.

(ii) Presentation of the Budget:

To be raised orally.

A handwritten signature in dark ink, appearing to be 'R.L.' with a flourish.

MRS R LOMAX



FROM: MRS R LOMAX

DATE: 5 March 1985

MS SEAMMEN

cc PS/Financial Secretary  
PS/Minister of State  
Sir P Middleton  
Sir T Burns  
Mr Monck  
Mr Cassell  
Mr Battishill  
Mr Monger  
Miss Noble

**NATIONAL INSURANCE CONTRIBUTIONS: CLASS 2**

Following this morning's overview meeting the Chancellor has asked whether there is any way of graduating the flat rate Class 2 National Insurance Contribution for the self-employed in such a way that the benefit of any reduction is confined to those below a certain level of profits. Could you please provide a quick note?

*RL*  
MRS R LOMAX

## BUDGET CONFIDENTIAL



FROM: MISS M O'MARA  
DATE: 13 March 1985

MR LANKESTER

cc PS/Chief Secretary  
PS/Financial Secretary  
PS/Economic Secretary  
PS/Minister of State  
Sir P Middleton  
Mr Cassell Mr Raffishill  
Mr Monger  
Mr R I G Allen  
Mr Peretz  
Mr Wood  
Mr Cropper  
Mr Lord  
PS/IR  
Mr McConnachie (IR)  
Mr Graham (OPC)

**COUPON STRIPPING**

The Chancellor has seen your minute of 11 March. This measure was discussed briefly at yesterday's Budget overview meeting when it was agreed that we should proceed.

*MOM*

MISS M O'MARA



FROM: MISS M O'MARA  
DATE: 6 March 1985

CH/EX REF NO *M 21*  
COPY NO *12* OF *13* COPIES

MR MONGER

cc PS/Chief Secretary  
PS/Financial Secretary  
PS/Minister of State  
PS/Economic Secretary  
Sir P Middleton  
Mr Bailey  
Mr Cassell  
Mr Battishill  
Mr R Allen  
Mr Griffiths

**REVENUE DEPARTMENTS' MANPOWER AND THE BUDGET**

The Chancellor was grateful for your minute of 1 March. He has commented that we will need to hold a meeting to discuss the very difficult Inland Revenue position after the Budget.

*Mom*

MISS M O'MARA

~~CONFIDENTIAL~~  
~~BUDGET SECRET~~



FROM: MISS O'MARA  
DATE: 18 March 1985

MR CRAWLEY - IR

cc Mr Cassell  
Mr Robson  
Mr RIG Allen  
Mr Cropper  
PS/IR

**BUDGET OIL PACKAGE: CONSULTATIONS WITH DEPARTMENT OF ENERGY**

The Chancellor has seen your minute of 15 March but, on reflection, has decided not to write to Mr Walker.

*MOM*

MISS M O'MARA