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The lack of progress is disgraceful. Sell ~~them~~ to John Selwyn Gummer or Crilly. I

29 June 1984

PRIME MINISTER

ADMINISTRATIVE AND LEGISLATIVE BURDENS ON SMALL FIRMS

will have a meeting myself with all depts in a fortnight time. We must be in a position to make announcements during the news prog.

This exercise is settling for very modest ambitions making regulations more intelligible, rather than removing or amending them. It is also in danger of falling into an interdepartmental black hole. We suggest that you support Norman Tebbit's attempts to secure colleagues' co-operation. You might also press for a more ambitious approach.

Employment

John Selwyn Gummer needs to be encouraged to extend exemption for small firms from unfair dismissal legislation, in a significant way. He should also be pressed to amend the archaic Factories Act restrictions on overtime for women and young people, and to relieve employers of the requirement to inform careers offices when employing young people.

Local Authorities

DoE must, of course, produce the small firms circular which they have "agreed to consider". More importantly, they should set about pruning the list of activities requiring local authority licences. There are legitimate reasons for a number of these eg the public nuisance

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implications of dance halls, pubs, fish and chip shops. The real enemy is quantity regulation, which restricts competition and protects vested interests. For example, local authorities have rights of common law redress against markets operated between six and two-third miles of their own. Barbers, hairdressers and saunas require licences under Section 77 of the Public Health Act 1961, which should be repealed.

X You could ask DoE to provide a comprehensive list of activities licensed in this way, to consider whether they are strictly necessary for health or amenity reasons and to suggest the legislative steps necessary to remove these restrictions.

One approach which Norman Tebbit discusses is an enabling Bill to exempt small firms from certain areas of legislation. His argument against this - that it would be a disincentive to growth and involve increased bureaucracy - is not convincing. The emergence of more small firms would compensate for any disincentive effect. And if there were such an effect, it would generate welcome pressure from larger firms for exemptions, too. As regards bureaucracy, a blanket exemption for certain classes of regulation eg those involving employment would mean less, not more bureaucracy. You may wish to press Norman Tebbit to consider this further.

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Tax

VAT collection is an unpaid chore carried out on behalf of Government. It can involve a small firm in 6 man-weeks a year - a significant load in relation to their management resources. You might ask Norman Tebbit to:

- i. Take further legal advice on whether we are bound, under the EC Sixth VAT Directive, to limit the threshold for registration to £18,700. If this is the case, should we not press for an amendment?
- ii. Consider, in consultation with the Treasury, whether traders could be given the option of annual, rather than quarterly VAT returns.

Fire Regulations

These are not mentioned, but many are excessive in relation to the risks involved. A Home Office report (Future Fire Policy, 1980) observed that "the designation of whole classes of occupancy, involving a widespread requirement for certification without regard to the different degrees of risk, is an inflexible and extravagant way of proceeding". "A need is seen for a more selective approach in the future." The Home Office are considering the fire regulations, but do not want them to be caught up in the burdens exercise. You could, nonetheless, ask

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Leon Brittan to report on whether the fire regulations are too costly a burden bearing in mind the obvious sensitivities particularly about hotels, hostels, etc.



pp

NICHOLAS OWEN

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B file

RAMABO

cc Mr Owen

10 DOWNING STREET

*From the Private Secretary*

2 July, 1984

ADMINISTRATIVE AND LEGISLATIVE BURDENS ON SMALL FIRMS

The Prime Minister has seen your Secretary of State's minute of 27 June. She is extremely disappointed at the lack of progress in this area. Many of the items reported on represent not achievements but questions still to be settled. She believes Departments must give greater commitment to this initiative. She proposes to hold a meeting herself in about a fortnight to consider what more needs to be done so that the Government is in a position to make an announcement before the Recess.

The Prime Minister believes the idea of an Enabling Bill to exempt small firms from large areas of legislation should not be ruled out at this stage and would welcome a fuller report on its implications.

In the local authority field, she hopes that the Department of the Environment will quickly come to a decision on the idea of a Small Firms Circular and of the establishment of 'one-stop shops'. She hopes the Department will set about pruning the list of activities requiring local authority licences. She hopes also that the proposal to widen the exemptions for small firms under the employment legislation will quickly be resolved.

The Prime Minister is concerned that the proposal to re-package the various Government schemes for small firms is now overdue. She hopes it will be completed soon so that it too can be announced before the Recess.

I will be in touch to arrange a meeting and to discuss the kind of paper which will be needed.

I am sending a copy of this letter to Richard Stoate (Lord Chancellor's Office), David Peretz (HM Treasury)

CONFIDENTIAL

-2-

John Ballard (Department of the Environment), Steve Godber (Department of Health and Social Security), David Normington (Department of Energy), Mary Brown (Lord Gowrie's Office), Richard Hatfield (Cabinet Office) and to Robin Ibbs (Efficiency Unit).

(Andrew Turnbull)

C. McCarthy, Esq.,  
Department of Trade and Industry

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Prime Minister

This is certainly a meagre haul, and mostly vague promises rather than achievements.

Agree I turn to Policy Unit minute into a self contained note, to be circulated to Departments under a letter expressing your disappointment at progress and urging greater cooperation with DTI?

AT

29/6

P.S. We are still awaiting the repackaging of small firms measures!