

C: Mr Sharbouse



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

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Dear Leon

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I attach a background note on the White Paper on Deregulation - 'Lifting the Burden'. I hope you and other colleagues on the Economic and Social Group will be able to give it a wide circulation among your group of MPs so that they can make good use of it in presenting the Government's policies.

Gordon
Lithke

The Rt Hon Leon Brittan QC MP

"LIFTING THE BURDEN"

This White Paper (Cmnd 9571) was published on Tuesday 16 July. It contains a balanced programme for reducing the administrative and legislative burdens on business, thereby encouraging enterprise and the creation of jobs and wealth.

It is a balanced programme because it recognises that the Government have an important role in providing statutory protection for workers, consumers, and the general public. It also recognises that regulation is needed to protect our environment and our quality of life. The Government have been careful to maintain this basic protection while still taking a series of major steps forward in giving businesses the freedom to flourish and grow.

"Lifting the Burden" is the Government's response to the report published in March this year called "Burdens on Business": Report of a Scrutiny of Administrative and Legislative Requirements". This review covered the activities of the seven main Departments which have a significant impact on business - the Inland Revenue, Customs & Excise, Department of Health and Social Security, Department of Trade and Industry, Department of Employment, Department of the Environment and the Home Office. "Burdens on Business" clearly showed that Government requirements do constitute a major drain on business - particularly small business - in terms both of their direct cost and of their cost in management time. The new White Paper deals with the problems identified in this Scrutiny and with additional points drawn to the Government's attention in the many representations we have received.

The White Paper is the first major step in what will be a continuing programme of removing unnecessary regulations. It refers to a wide range of initiatives some of which have already been taken, some in hand, and some for the future. Each is designed to allow firms to divert scarce resources away from complying with bureaucratic requirements and towards developing and expanding their business.

There are nearly 80 proposals in "Lifting the Burden", including -

- simplified planning zones;
- giving firm guidance to local planning authorities on the importance of development and employment;
- reviewing the Use Classes Order which enables land and buildings to be used for various purposes without the need for planning permission;
- simplifying the building regulations;
- negotiating with the European Community to obtain increased flexibility to raise the VAT threshold (the threshold above which businesses must register for VAT);
- improving the operation of the VAT Schemes for retail businesses;
- clarifying the criteria for deciding whether a person is employed or self-employed (including the issue of a new, plain English leaflet);
- coordinating the work of DHSS and Inland Revenue officials to eliminate unnecessary duplicate visits to employers;
- consulting on the possibility of allowing employers to opt out of the Statutory Sick Pay Scheme;
- extending the qualifying period for unfair dismissal to two years for all businesses;
- designating one of the Health & Safety Commissioners to represent small firms' interests;
- consulting on the accounting and audit requirements for small companies;
- and repealing the Price Marking (Bargain Offers) Order and replacing it by a new general prohibition on false or misleading price information, supported by a statutory code of practice.

While these, and the other proposals in the report, will vary in the degree to which, individually, they impact on business, they all have in common the aim of lessening the amount of unnecessary bureaucracy and regulation with which business has to deal. Their cumulative effect therefore will be to bring about a substantial reduction in the cost of Government to business.

In addition, one of the key proposals in the White Paper - as recommended in "Burdens on Business" and by many of the organisations who made representations on that report - is the setting up of a new system within Government to scrutinise regulation. This will ensure that all proposed new legislation and regulation will be examined for its impact on business and that existing rules will be reviewed and then removed or simplified where they impose unreasonable burdens. The new arrangements will be carried out primarily by individual Departments but in addition a new Central Task Force is being set up as part of the Enterprise Unit of the Cabinet Office, reporting to Lord Young, the Minister without Portfolio, which will advise Departments on the carrying out of their internal deregulation procedures; scrutinise certain specific proposals; deal with other deregulation issues; and generally keep up the momentum behind "Lifting the Burden".

In parallel with this activity on the domestic front the Government are also taking action to cut the burdens imposed by European Community regulations and directives. In response to an initiative launched by the Prime Minister the European Council agreed in March that a European deregulation exercise should be set in hand. Work on this is proceeding well and the Commission are expected to table a full report to the Council meeting in December. The United Kingdom will be maintaining its efforts to ensure the success of this initiative.

Taken together, all these steps confirm the Government's commitment to reducing unnecessary constraints on enterprise, job creation and wealth. The Government are determined to lift the burden on business - but in a balanced way, with care and concern for all in our society.