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PRIME MINISTER

9 May 1986

DRAFT WHITE PAPER ON DEREGULATION

David Young has inevitably found it difficult to persuade Departments to agree to radical (and even not so radical) deregulation measures, hence the paper, although reasonably well-written, is using length to conceal a lack of content. There will also be a shorter 'popular' version of the White Paper. It is worth glancing at the introductory Chapter 1, Chapter 2, which summarises the new proposals, and Annex 1 of the paper which reports on the implementation of the proposals in the first White Paper 'Lifting the Burden'.

David Young has delivered a set of very useful initiatives on employment law but other Departments' efforts are anodyne: many in the 'considering, assessing, reviewing and consulting' mould. The outstanding issues in his covering note are all well worth gunning for, but he will not prevail against departmental objections without support.

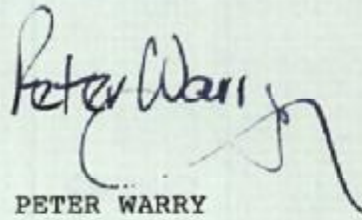
Paragraph 1.11 mentions the European experience (also Chapter 10) but it could make more of your own EC initiative that started the ball rolling. Perhaps it could also say that progress on deregulation will be a high priority during our forthcoming presidency.

Publishing in full the new arrangements for monitoring deregulation (Chapter 3) adds significantly to the paper's length and will be of little interest outside Whitehall. But the bureaucrats are already trying to backslide on the arrangements. One official has gone so far as to complain that they should not be published because it names the departmental officials responsible for deregulation, who will, as a result, be lobbied by the business interests affected by regulations. This seems an excellent reason for insisting on publication of this section in full.

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We recommend that you should write generally supporting David Young on the outstanding issues and offering to include in the White Paper that deregulation will be a high priority during our EC presidency.

A handwritten signature in dark ink, appearing to read "Peter Warry". The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

PETER WARRY

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DRAFT WHITE PAPER ON DEREGULATION

This was due to be taken at E(A) on Tuesday. But that meeting has had to be postponed, so an attempt is being made to clear the draft by correspondence.

This is awkward, because there are still several quite important issues unsettled. I do not think it would be helpful for you to take a stand on the multiple choice questions set by Lord Young (no material is provided as a basis for you to take a decision).

Agree

(i) to welcome the substantial work which has gone into this White Paper;

(ii) to hope that the outstanding issues can so far as possible be settled by correspondence; but

(iii) invite the Chancellor to hold a meeting as necessary, in order if possible to stick to the timetable of publication before the Recess?

You will see that Peter Warry has suggested including in the White Paper a statement that deregulation will be a high priority during our EC Presidency. Charles points out that the initiative on this is already under way and that it is now primarily for the Commission to take forward. You could suggest that the White Paper could undertake to follow up the initiative during our Presidency and to work to ensure that it is put fully into effect.

Content with this also?

Martin Sawyer

Yes

pp. (David Norgrove)
9 May 1986

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EBG
[not enclosure]

010
 Second White Paper on
 Deregulation is in folder
 attached to GOVT MACH:
 Rayner: Part 20

B/F for E(A)
 on 13/5.

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DRAFT WHITE PAPER ON DEREGULATION

I attach the draft of the second White Paper on deregulation. It has been discussed in some detail and substantially agreed by the Ministerial Group on Deregulation (MISC 121) under my chairmanship. I am grateful for colleagues' help in producing such a useful document.

2. Not unexpectedly, there are a few points of substance still to be settled which may need to be discussed at the meeting of E(A) Committee scheduled for 13 May. Where appropriate, these outstanding issues are indicated by alternative forms of words given in square brackets. In each case my own preference is for the "A" options. The issues are as follows:

Statutory Audit (para 8.4)

There will be separate papers prepared on this issue by the Secretary of State for Trade and Industry and the Paymaster General and myself. If colleagues consider that no relaxation in statutory audit requirements is possible, we shall need to provide a brief explanation for dropping the proposal after it found considerable support on consultation.

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Use Classes Order (para 5.7)

I know that the Secretary of State for the Environment has been considering this matter, and that he is discussing the issues with his Departmental colleagues. There is a difficult balancing act to be carried off so it is not surprising that he has yet to take a final view, hence the variety of choices for para 5.7. He will be consulting us shortly and I hope that the issues will be resolved by 13 May.

VAT penalties (para 6.5)

VAT, including the new automatic penalties, is seen (with some justification) as a major burden on business. I am anxious that the White Paper should promise a wideranging review of all aspects of VAT, and that it should involve other Departments with a keen interest.

Form P11D (para 6.15)

I should like a firm commitment to reviewing this form with a view to reducing record-keeping by businesses.

Agricultural land (para 8.43)

The issue here is whether we can say something positive about giving guidance to local authorities on the priority given to the protection of agricultural land, in addition to buildings. I see the two as being part of the same strategy.

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I would hope that we might be able to clear up in correspondence some of the outstanding issues mentioned above before the 13 May meeting.

EC IMPLICATIONS

3. The Paymaster General has invited the Law Officers to consider the impact of the proposals in the draft on our European commitments. This is particularly relevant in relation to proposals on employment legislation. I have included (para 7.10) a proposal to relax further the definition of "part-time" workers for the purpose of exemption of employers from certain employment protection obligations. While the Law Officers have advised that existing thresholds may already be indirectly discriminatory, and that increasing them may compound the error, I am unwilling to accept such a constraint on the Government's freedom, and should welcome your views on the matter.

PUBLICATION

4. You agreed that we should aim for publication of the White paper shortly before the Whitsun recess, on 21 May. I would like to publish at the same time a short, attractive summary of the White Paper. If you agree, I propose that I should clear the draft of this summary by circulation to MISC 121.

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IMPLEMENTATION

5. At some stage we ought, perhaps, to consider what we might do to deal with the variety of fairly small but still significant items of deregulation currently awaiting legislative opportunities. There is a small queue forming.

6. I am copying this minute and the draft White Paper to members of E(A), and to the Lord President of the Council, the Foreign Secretary, the Home Secretary, the Secretary of State for Social Services, the Attorney General, and the Lord Advocate and Sir Robert Armstrong.

A handwritten signature in black ink, appearing to be "D Y".

D Y

May 1986

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