



JH 778

PRIME MINISTER

Prime Minister ②

We have incorporated  
as much of this as we  
can in the SBB speech  
though it does not take us  
far forward.

CNO

AT 7/2 MB

#### ADMINISTRATIVE AND LEGISLATIVE BURDENS ON SMALL FIRMS

You agreed on 7 November last that David Trippier should go ahead with a review of further progress which might be made on reducing administrative and legislative burdens on small firms. I asked David to report back by the end of the year and have given him the go ahead to pursue the potential action points he has identified following a series of meetings he has held with Ministerial colleagues. I believe it is important that our commitment to the small firms sector is clearly seen to be maintained.

2 You asked to be kept in touch with progress. This is an opportune moment to summarise the main areas we are working on, since you will be speaking on 8 February to the national conference of the Small Business Bureau where the issue of burdens will inevitably be raised.

3, The following areas are being pursued by officials, with further bilateral Ministerial meetings as necessary:-

#### Employment Legislation

The scope for significant further exemptions for small firms from employment protection is being examined, in relation particularly to unfair dismissal procedures. Also, we are



ensuring with the Department of Employment that both our and their guidance material to employees on employment law and business support is as effective as possible.

#### Statistics

Your own initiative on statistical requirements through CSO has already reduced burdens on employers, and complaints to this Department are fewer. However, as the structure of industry changes and develops, I want to ensure that genuine need for new information does not result in a net increase of requirements on firms. Also that the most effective explanations of survey purposes are given to sampled employers.

#### Tax Collection and Procedures

Inland Revenue are keen to improve guidance and advice to employers, and officials here will continue to assist and suggest potential improvements. As you know, this is an area where many small firms feel strongly the work they do on behalf of central Government is inadequately recognised and recompensed.

#### Planning

Planning procedures have been speeded up and DOE circular 22/80 helped encourage flexibility among local authorities





in approving small business developments. We shall pursue with DOE how best to keep the momentum going and how also to encourage local authorities to make their requirements clear and straightforward to business people.

#### Litigation

It is a matter for concern that a small employer can often find in a dispute that, although he wins his case and acts with complete rectitude, he ends up out of pocket, not to mention the cost of his time in taking a case to court.

The Lord Chancellor is of course well aware of this complaint. Officials are seeking further hard evidence to feed into the Lord Chancellor's review of the whole area of litigation.

#### Public Procurement

I am encouraged that we can make some progress towards improving the access of small firms to public contracts particularly as a result of Grey Gowrie's recent review of procedures. A lot of work is in hand to take this further.

#### Administrative Forms and Procedures

Officials have prepared flow charts of all that business people have to go through in setting up and in taking on an



employee. With Grey Gowrie's support David Trippier is urging colleagues to give priority to reviewing these procedures in the context of the regular reviews of administrative forms.

The advice we are collecting from small firms organisations on the "sticking points" in the system should help us improve our own advisory and support material.

#### Repackaging of Schemes

As you know, I am already working on how most effectively to simplify the many support schemes available from this Department so they are clearly presented with straightforward application procedures. This will be of relatively greater value to the hard-pressed small firm and you will be talking about it to the SBB Conference.

4 As you pointed out when we began this review of burdens, the process has to be on going, with Ministers always alert to ensure small firms are not disproportionately disadvantaged. I do believe that we must show firm Ministerial commitment and that this review, with your support, has given valuable added push to getting things moving.





5 I am copying this summary to Quintin Hailsham, Nigel Lawson,  
Patrick Jenkin, Norman Fowler, Tom King and Grey Gowrie.

*NT*  
NT

6 February 1984

Department of Trade and Industry

Row 162  
Small Firms  
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10 DOWNING STREET

*From the Private Secretary*

9 February 1984

ADMINISTRATIVE AND LEGISLATIVE BURDENS  
ON SMALL FIRMS

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The Prime Minister was grateful for your Secretary of State's report on progress made in reducing the administrative and legislative burdens on small firms. She was able to draw on this in preparing her speech to the Small Business Bureau. She regards this initiative as still unfinished and hopes that the momentum will be maintained.

I am copying this letter to Richard Stoate (Lord Chancellor's Office), John Kerr (HM Treasury), John Ballard (Department of the Environment), Steve Godber (Department of Health and Social Security), David Norminton (Department of Employment) and Mary Brown (Lord Gowrie's Office).

AT

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

VR





Prime Minister ②

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## CABINET OFFICE

From the Minister of State

Lord Gowrie

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The Rt Hon Norman Tebbit MP  
Secretary of State for Trade and  
Industry  
1-19 Victoria Street  
London SW1H 0ET

16 February 1984

MF

*La. Norman,*

### ADMINISTRATIVE AND LEGISLATIVE BURDENS ON SMALL FIRMS

I have seen a copy of your minute of 6 February to the Prime Minister reporting on the Department of Trade and Industry's activities in respect of small firms.

I would just add one point about the timing and likely content of the report on the current Multi-Department Review of government contract and procurement procedures. The review is scheduled to finish at the end of March. Not all the departmental studies are yet completed, so it is still too early to assess the evidence of the examining officers or to say for certain what the central review team will conclude. The main emphasis of the report, however, is likely to be on ways in which government departments can obtain better value for money in procurement. Encouraging industrial competitiveness is an important factor in this. The central team's recommendations in respect of small firms are likely to focus therefore on ways of removing aspects of the current procedures that may disadvantage small firms in gaining access to government business. The team are unlikely to recommend any preferential treatment for small businesses, a conclusion with which I am sure you agree.

As regards forms, David Trippier showed me last December the charts of the steps required to set up a new business and to take on employees. Many people must find daunting the forms and procedures imposed on them by central and local government.



I was surprised to discover from David that some feel it necessary to pay for professional advice simply because the paperwork is so difficult to follow. I am glad David is urging colleagues to give this priority under the forms review. This is a practical way to make progress within existing procedures, and I should be interested to learn what action departments have agreed to take.

Copies of this letter go to the Prime Minister, Quintin Hailsham, Nigel Lawson, Patrick Jenkin, Norman Fowler and Tom King.

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Laws,  
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LORD GOWRIE

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